

and multiple adjustments to the last biennial budget due to lower than expected revenues. Prudence cautions against the tempting but non-essential government spending included in this capital budget. For the sake of Ohio taxpayers, such temptation must be resisted.

Thank you and I look forward to answering any questions that the Committee may have at this time.

[1] Greg R. Lawson and Quinn Beeson, *Principled Spending: Using Ohio's Capital Budget to Benefit Ohioans*, The Buckeye Institute, February 5, 2018.

[2] *More Than \$18 Million Spent on The Buckeye Institute's Top 10 List of Worst Capital Budget Requests*, The Buckeye Institute press release, March 5, 2018.

[3] Scott A. Wolla, *The Economics of Subsidizing Sports Stadiums*, Federal Reserve Bank of St. Louis, May 2017.

[4] Greg R. Lawson, *Broadband "GON" Wrong: Remembering Why Government-Owned Broadband Networks are Bad for Taxpayers*, The Buckeye Institute, February 14, 2018.

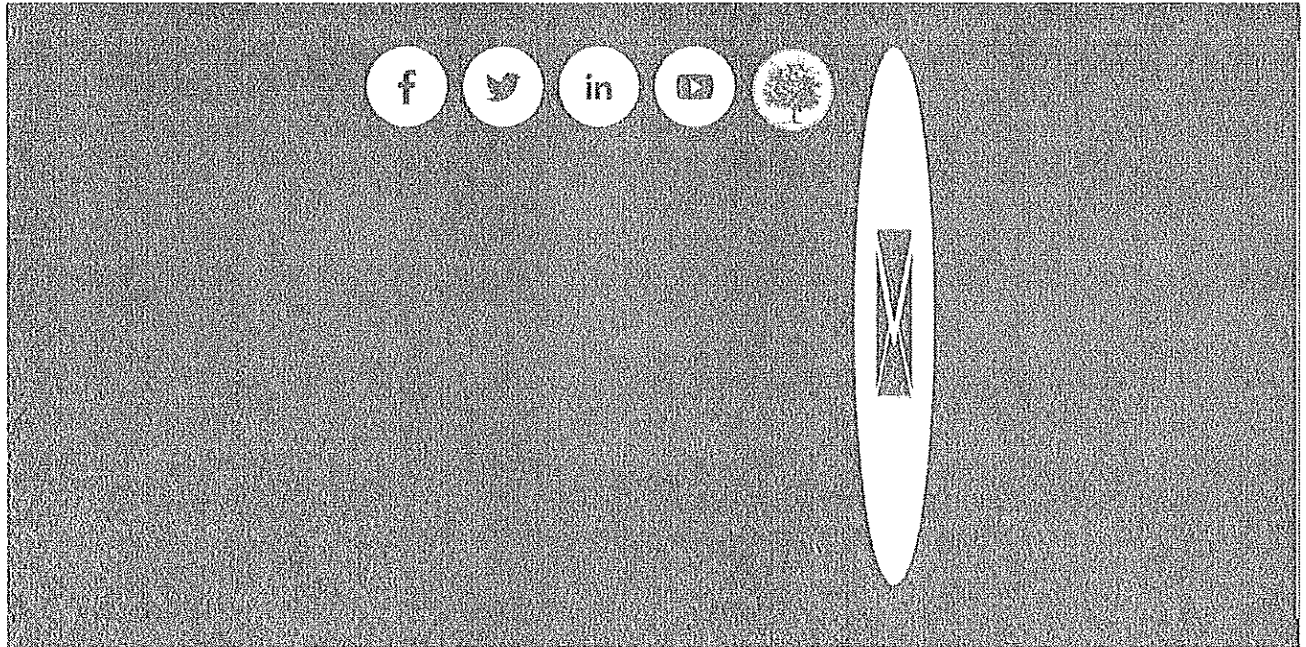
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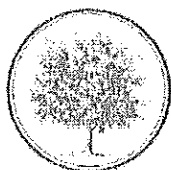
Sent by info@buckeyeinstitute.org

From: The Buckeye Institute
Sent: Thursday, March 15, 2018 4:03 AM
To: Derksen, Nick
Subject: REMINDER: AEI President Arthur Brooks to Address The Buckeye Institute Luncheon March 21

Follow Up Flag: Follow up
Flag Status: Completed

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THE BUCKEYE INSTITUTE

Friends,

You may have seen our invitation for this event previously. If so, consider this to be a reminder. If not, consider yourself formally invited, and see the details below. We'd love to have you with us.

Update: We added another table to the room for our luncheon with **Arthur Brooks** on Wednesday at noon, but once that last table is full -- as predicted -- the event will be sold out. Also, another and probably more intriguing piece of breaking news: This may be your last chance to hear Arthur Brooks in his role as AEI President. See his announcement in *The Wall Street Journal* of passing the torch next year [here](#).

Please do register to attend if you would like to occupy one of those additional seats and take advantage of this special opportunity to hear from him firsthand.

You are cordially invited to join us for an extraordinary luncheon talk featuring American Enterprise Institute (AEI) President Arthur Brooks on Wednesday, March 21, at noon.

This is one event that you don't want to miss, so **register soon**. Further details are available by following the registration link.

We hope to see you Wednesday!

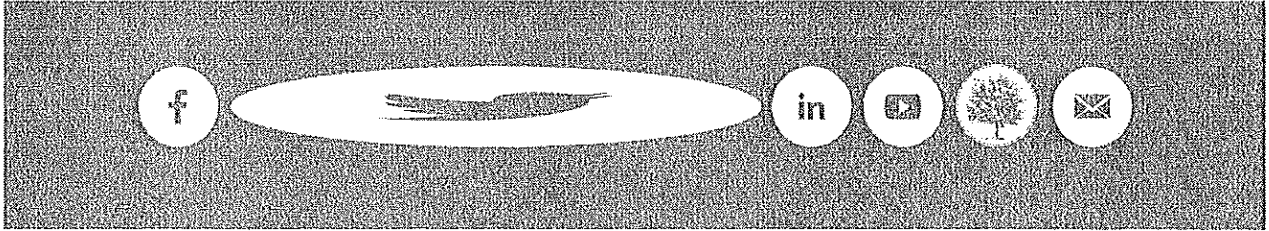
Sincerely,
The Buckeye Institute team

Register to Attend

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Sent by info@buckeyeinstitute.org

From: Fiore, Anthonio
Sent: Friday, March 16, 2018 4:03 PM
To: Fiore, Anthonio
CC: Elizabeth Murch
Subject: Urging Your Support for Sub. HB 189 Before the Spring Recess
Attachments: Eric_Bakken_Regis Corporation_Sub_HB_189_Letter_Of_Support_Signed.pdf; 2018_0316 OSA Ltr to All Ohio House Members Urging Support for Sub HB 189 - FINAL.pdf

Follow Up Flag: Follow up
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Dear Ohio House members,

We are writing to ask for your **support** and **expeditious passage** of the **occupational licensure reforms** to Ohio's cosmetology industry contained in **Sub.HB 189** before the Spring recess. The announcement this week of more private cosmetology schools closing makes it more important than ever to pass the reforms contained in **Sub. HB 189**. **Six additional school closures** were announced bringing the total number to **28 closures since May 2015** (or around 30%). In addition, we have included a few items raised by opponents that we are willing to work on in the Senate if the bill is favorably passed off the House floor.

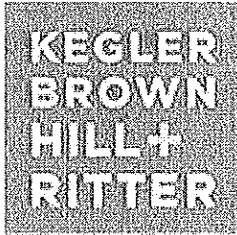
I've also attached a list of all public testimony o **HB 189**. In addition the **letters of support from smaller salon owners** around the state, we just received the attached letter of support from Regis Corp that has over 30 brands under its umbrella with hundreds of locations across all 88 counties.

Have a great weekend. Please let me know if you have any questions.

Best regards,

Tony

Anthonio C. Fiore
Of Counsel



65 East State Street | Suite 1800 | Columbus, OH 43215
direct (614) 462-5428 | mobile (614) 906-8669 | fax (614) 464-2634
afiore@keglerbrown.com

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5th Hearing – March 7, 2018

Bill	Status	Amendments	Fiscal Notes	Analysis
H. B. No. 189	5th Hearing		Download	Download
Witness		Organization	Stance	Document
Wezlynn Davis	null		Opponent	Download
Patrick Thompson	null		Opponent	Download
Don Boyd		Ohio Chamber of Commerce	Proponent	Download
Sue Carter Moore		Ohio Association of Cosmetology Schools	Opponent	Download
Nancy Brown		Brown Aveda Institute	Opponent	Download
Brandon Ogden	null		Proponent	Download
Natalie Lockhart		JCPenney Salon	Proponent	Download

4th Hearing – February 27, 2018

Bill	Status	Amendments	Fiscal Notes	Analysis
H. B. No. 189	4th Hearing	132_1073-3	Download	Download
Witness		Organization	Stance	Document
Lisa Nelson	null		Proponent	Download
Ohio Salon Association	null		Proponent	Download
Don Boyd	null		Proponent	Download
Clara Osterhage	null		Proponent	Download
Chris Ferruso	NFIB		Proponent	Download

3rd Hearing – June 21, 2017

Bill	Status	Amendments	Fiscal Notes	Analysis
H. B. No. 189	3rd Hearing	—	Download	Download
Witness	Organization	Stance	Document	
Greg Lawson	The Buckeye Institute	Interested Party	Download	
Michael Shuh	null	Proponent	Download	
Mahlaina Yeager	null	Proponent	Download	
Dana Pallatos	null	Proponent	Download	
Bridget Sharpe	Professional Beauty Association	Proponent	Download	
Myra Reddy	Future of Beauty Industry Coalition	Proponent	Download	
NeCole Cumberlander	null	Proponent	Download	
Rowena Yeager	null	Proponent	Download	
Beth Hickey	null	Proponent	Download	
David Boucher Additional	null	Proponent	Download	
David Boucher	null	Proponent	Download	
Rachelle King	null	Proponent	Download	
Kerry Sawyer	null	Proponent	Download	
Nancy Brown	null	Opponent	Download	
Wezlynn VanDyke Davis	null	Opponent	Download	
Patrick Thompson	null	Opponent	Download	
Angela Harvey	null	Opponent	Download	
Jill Hawkins Mitchell	null	Opponent	Download	
Gerry Reis	null	Opponent	Download	
Will Molden	null	Opponent	Download	
Chris Ferruso	NFIB	Proponent	Download	

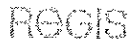
2nd Hearing – May 23, 2017

Bill	Status	Amendments	Fiscal Notes	Analysis
H. B. No. 189	2nd Hearing	—	Download	Download
Witness	Organization	Stance	Document	
Tony Fiore	Ohio Salon Association	Proponent	Download	
Clara Osterhage	null	Proponent	Download	
Charles Penzone	The Charles Penzone Salons	Proponent	Download	
Frank Gambuzza	null	Proponent	Download	

Lori Yeager	SportClips	Proponent	Download
Debra Tillery	null	Proponent	Download
Stefan Eckert	Great Clips	Proponent	Download
Bridget Sharpe	Professional Beauty Association	Proponent	Download
Frank Schoeneman	Empire Education Group	Proponent	Download
Tom Quick and Lisa Groome	Roosters: Men's Grooming Center	Proponent	Download
Tasha Shepline	null	Proponent	Download
Gordon Logan	Sports Clips	Proponent	Download
Dub Nelson	Roosters: Men's Grooming Centers	Proponent	Download

1st Hearing – May 17, 2017

Bill	Status	Amendments	Fiscal Notes	Analysis
H. B. No. 189	1st Hearing	—	Download	Download
Witness	Organization	Stance	Document	
Rep. Roegner	null	Proponent	Download	
Rep. Reece	null	Proponent	Download	



7201 Metro Boulevard | Minneapolis, MN 55439 | 952-947-7777

March 15, 2018

To: All Ohio House of Representatives

From: Eric Bakken
EVP, President—Franchise

RE: Urging your support for Sub. HB 189

My name is Eric Bakken, and I serve as the Executive Vice President and President—Franchise for Regis Corporation. I'm writing to urge your support for Sub. HB 189.

Regis Corporation is a leader in beauty salons and cosmetology education. As of December 31, 2017, the we owned, operated, franchised or held ownership interests in over 8,800 locations worldwide. We also maintain an ownership interest in Empire Education Group in the U.S. Regis owns or franchises 386 salon locations in Ohio, amounting to over 2,000 stylists and managers in the state. We operate under several brands in all 88 counties throughout Ohio, including: Best Cuts, Borics Hair Care, Famous Hair, Fiesta Salons, First Choice Haircutters, Haircrafters, Mastercuts, Regis Salons, Roosters, Saturdays, SmartStyle, and Supercuts.

At Regis, we are deeply committed to providing our customers with the safest and highest quality experience in our salons. To achieve this, we ensure our stylists and managers are properly educated and licensed in accordance with state regulations. We also offer our team members continued education and training to refine their skills, keep on trend and to stay in tune with the latest sanitary protocols. However, our industry has become increasingly competitive, most of which is attributable to a shortage in skilled labor. That's why for over four years, Regis has supported a group called the Future of the Beauty Industry Coalition (FBIC) whose main purpose is to provide reasonable reforms to state cosmetology law using research and analytics from all 50 states.

The FBIC consists of cosmetologists, students, salon owners, manufacturers, distributors, and cosmetology schools. The FBIC values our industry's appreciation of safety and quality, and therefore has proposed Sub. HB 189 which modifies the existing law and reduces the Ohio license minimum hour requirements from 1,500 to 1,000, as opposed to a complete deregulation of the industry. In addition, Sub. HB 189 lays the groundwork for model occupational licensing reform legislation for the cosmetology industry in all 50 states and helps to eliminate a barrier of entry into our industry.

The minimum 1,500 hours state licensing requirement serves as a barrier of entry into the beauty industry. In addition, Ohio's reciprocity law requires a licensee to sit for an Ohio exam even though they may have passed another state's licensing exam a month or so before. This doesn't help our stylist be mobile in deciding where to work and live, especially near Ohio's boarding counties. Sub. HB 189 reduces the hours to 1,000 hours for a full cosmetology license and helps out of state licensees come to Ohio to work and raise a family.

For these reasons, I am writing on behalf of Regis Corporation in support of the Ohio Salon Association's proposed comprehensive reform package to Ohio's cosmetology laws contained in Sub. HB 189 (and the

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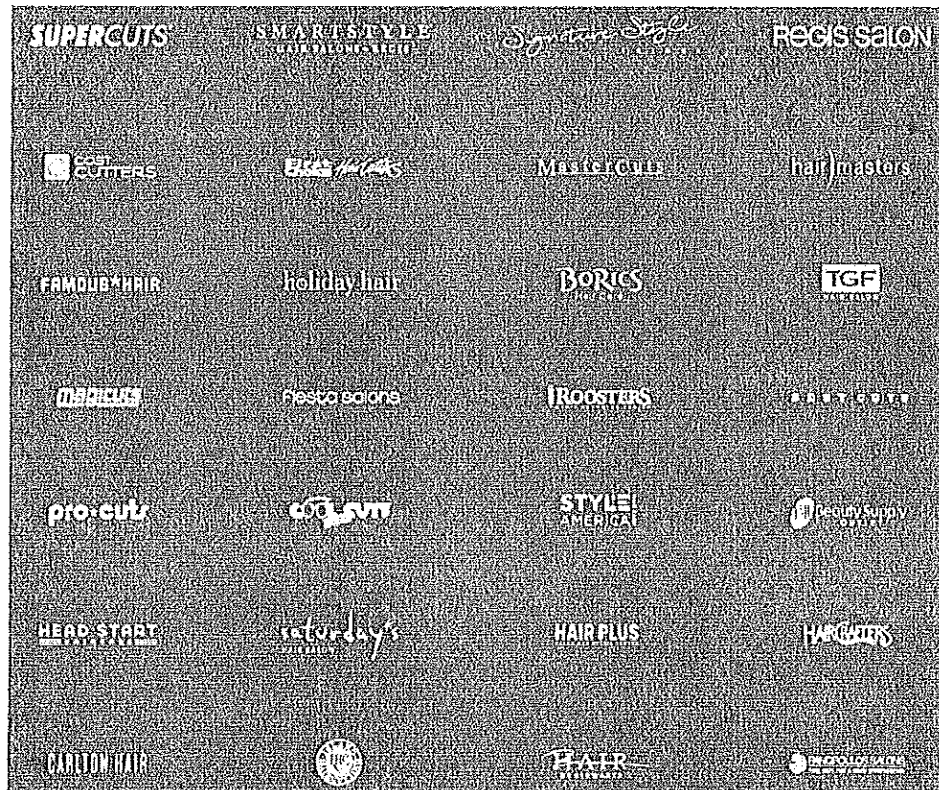
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companion bill in the Ohio Senate, SB 129). This reform is a positive step for our industry, and I respectfully request this committee's support on the work being done here.

Thank you for your consideration and the opportunity to submit this letter in support of Sub. HB 189.



Eric Bakken
EVP, President—Franchise
Regis Corporation



OSA
OHIO SALON ASSOCIATION

March 16, 2018

Dear Representative:

We are writing to ask for your support and expeditious passage of the occupational licensure reforms to Ohio's cosmetology industry contained in Sub. HB 189 next Wednesday, March 21, 2018. The announcement this week of more private cosmetology schools closing makes it more important than ever to pass the reforms contained in Sub. HB 189. Six additional school closures were announced bringing the total number to 28 closures since May 2015 (around 30%). In addition, we have included a few items raised by opponents that we are willing to work on in the Senate if the bill is favorably passed off the House floor.

Sub. HB 189 will:

- 1) Support Ohio's Attainment Goal 2025, that includes:
 - a) helping more Ohioans compete for quality jobs that pay a family-sustaining wage and lead to career advancement;
 - b) removing barriers to education and employment for individuals;
 - c) helping Ohio employers find the talent they need to succeed and grow;
 - d) providing effective and efficient job training aligned to in-demand occupations and employer needs resulting in workplace-valued credentials; and
 - e) assisting in achieving the attainment goal of the Governor's Executive Workforce Board, Ohio Department of Education and Ohio Department of Higher Education to have 65% of Ohioans ages 25 to 65 achieve a credential/license or degree by 2025. (Ohioans are currently at 43% of that attainment goal.)
- 2) Lower hours to reduce the barrier for women, men and minorities to enter the beauty industry. The bill:
 - a) supports the notion that government should only mandate the minimum number of hours necessary to ensure safe and sanitary cosmetology practices as a barrier to entry into the profession – **1,000 hours is the correct requirement** – though some believe this is still too many hours;
 - b) equalizes the government mandated hours between public and private schools. Public schools in Ohio are already teaching at 1,000 hours and producing graduates who are entering the workforce with similar graduation rates, licensure rates and earning potential;
 - c) maintains high training standards without mandating an additional 500 hours on private school students. A national study as well as salon owners indicate that **more time in school does not make the student more job ready**;
 - d) acknowledges that there are currently more public students entering the profession at 1,000 hours of training rather than private schools at 1,500 hours;
 - e) ensures private schools are still able to obtain federal funding for students at 1,000 hours, can require 500 additional hours and charge whatever they want for tuition – the question is whether students will be willing to pay for and attend such programs – the free market will decide; and,
 - f) creates an **apprenticeship option** for future cosmetology students to earn a wage while they learn about the beauty industry. Under today's 1,500-hour program students are forced to pay tuition and provide services to the public in school clinics without compensation for hundreds of hours.

3) Stop Ohio law from unfairly requiring private cosmetology education mandating 1,500 hours at the expense of students when public schools already teach at 1,000 hours. There is no risk to public safety if a cosmetologist attending a private school achieves 1,000 hours for a license just like the public school student does today. In Ohio today:

- Emergency Medical Technicians (EMT) attend 150 hours of training.
- Licensed Practical Nurses (LPNs) attend 1376 hours of training.
- Police officers attend 695 hours of training.
- Paramedics attend 800 hours of training.

4) Make Ohio a "RECIPROCITY-IN" state—our focus must be on job opportunities in Ohio. Many states do not require licensees to take any additional education or even an exam when seeking reciprocity after one to two years of practicing as was indicated by a recent LSC review. The bill:

- a) removes the requirement of taking exams in Ohio if already licensed in another state;
- b) removes the requirement that the standards in Ohio for obtaining the license the applicant seeks are substantially equal to the other state or country's requirements;
- c) allows licensees to enter the workforce sooner with less debt;
- d) permits work experience/hours to count towards licensing hours when seeking to transfer a license to another state;
- e) requires the Ohio Board to use a national exam which makes our licensees more marketable in other states; and,
- f) maintains high standards, but makes it easier to practice in Ohio than in most states.

Although private school opponents have refused to attend interested party meetings we have addressed several issues raised by them and have highlighted the changes below. These changes are in Sub. HB 189. The substitute bill:

- a) permits pre-graduate testing to help increase licensure rates;
- b) returns manicuring hours from 100 to 200;
- c) returns esthetics hours from 300 to 600;
- d) removes the 5-year experience requirement for instructors;
- e) removes the language increasing the surety bond from \$10,000 to \$100,000 for schools; and,
- f) requires salons and schools of cosmetology to work in partnership to establish the apprenticeship program.

As mentioned above, the OSA has been trying to address as many of the opponents concerns as possible throughout this legislative process. We are committed to working on the following issues raised by the opponents in the Senate if Sub. HB 189 passes out of the House:

Opponents concern: *Getting rid of the advanced license is deregulating our profession.*

- OSA Response: The advanced license doesn't provide students with marketable skills that garner a higher wage and is not recognized in other states. Since it was created a few years ago schools did not adapt and work to provide input on curriculum to make it valuable. Schools can still offer 1,500 hours' worth of classes or any other advanced classes they wish. There is no law preventing them from offering classes that exceed the minimum. And funding is available for up to 1,500 hours so they can get paid. The state should only legislate minimums for occupational licenses that are barriers to entry into a profession. In reality private schools combine the initial license at 1,500 hours and the advanced license at 300 hours and require students to attend and pay for an 1,800-hour program. This cannot be the case in the future.
- OSA Compromise: The OSA will support changing Sub. HB 189 in the Senate to preserve the Advance License for those licensees as of the effective date of the bill, so those individuals can indefinitely renew this license. This still provides any school the opportunity to create an Advanced

Certificate program, but such a program will not carry with it state mandated hours. Schools are free to provide cosmetology programs above the 1,000-hour requirement under Sub. HB 189 -- the question is whether students will pay for the additional training and education -- the free market will decide.

Opponents concern: *Natural Hair Styling license is valuable and should stay. It negatively affects ethnic populations to get rid of it including salon owners.*

- **OSA Response:** The first time OSA heard opposition to removing the Natural Hair Stylist license came on Wednesday, March 7th in the House Government Accountability and Oversight Committee hearing on Sub. HB 189.
- This license is not widely utilized—and it is quite burdensome at 450 hours of education to sit for the licensing exam. For instance, based on the Board's 2017 Annual Report there were 5 active and one new individuals with a natural hair stylist license, one active and one new individuals had a natural hair stylist instructor license, 34 active and 45 new individuals had an advanced natural hair stylist license, and there were 14 active and 4 newly licensed natural hair stylist salons. Compare this to 17,639 active and 2,708 new cosmetology licensees for the same period.
- **OSA compromise:** With that said, so long as the braiding registration stays in the law, we would compromise to allow the natural hair stylist license to stay in as well.

Opponents concern: *The way the definitions are in this bill make hair design the same as cosmetology at 800 hours.*

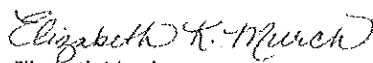
- **OSA Response:** The Ohio State Cosmetology and Barbering Board staff provided the language in the bill to clarify the practice of cosmetology which was included in the substitute bill.
 - Their intent was that cosmetology is defined as providing all the branches of cosmetology, and they believed the definition of cosmetology could not include cosmetology.
 - There has never been an intention of having a full cosmetology license 800-hour program as the opponents claim.
- **OSA compromise:** The OSA supports amending the final bill in the Senate to clarify and make clear that a full cosmetology license requires 1,000 hours, a hair design license requires 800 hours, an esthetics license requires 600 hours, a manicuring license requires 200 hours and a natural hair stylist license requires 450 hours.

The opponents should actually work with salon owners to address significant issues in the beauty industry, especially the fact that 28 private schools of cosmetology (or 30%) have abruptly closed their doors since May of 2015 and we expect more. These closures have required students to find alternate programs to finish their training very little to compensate them for these schools failing to help them become licensed and find employment in the beauty industry.

The Ohio Salon Association is focused on cosmetology student success, school success and addressing workforce issues for all salons and job providers in Ohio.

Thank you for your time and consideration. We have attached a list of business owners as well as state and national associations supporting HB 189 and SB 129.

Please feel free to contact our lobbyist, Tony Fiore, at افیore@keglerbrown.com or 614-462-5428 if you have any questions about this legislation.


Elizabeth Murch
Executive Director


Tony Fiore
Legislative Counsel

Supporters of Ohio HB 189 and SB 129

Arthur Gray Holdings, Inc.	Holiday Hair	QuickGroome, Inc. - Roosters
Beauty Supply Outlet	Hyland MH Retreats, LLC	Quiddity Partners, LLC
Best Cuts	Hyland Properties, LLC	R.L.O., Inc.
Bhooshay Enterprises of Ohio, LLC	Institute for Justice	Rachelle King
Blue Co. Brands	Intercoiffure America/Canada	RamseyRooney & Co.
Borics Hair Care	International Salon/Spa	Regis Salon
Burben Investments, Inc.	Business Network	S&L Cuts, Inc.
Carlton Hair	j.calico, LLC	SARJNT, Inc.
Charles Penzone, Inc.	JaNaMo Enterprises, Inc.	Sassoon Salon
Cincy Clips, Inc.	Jay-Mar Enterprises, LLC	Saturday's Hair Salon
City Looks Salons	JC Penney Salons	Sawyer Business Group, Inc.
Cool Cuts	JM Elliott Enterprise, LLC	Scott Burandt
Cost Cutters	Kerry and Anthony Sawyer	SDM Partners, Inc.
Courtne Wesselman	Lake House Holdings, LLC	Shaun Norton dba SportClips
CSJ Ventures, Inc.	Laventure, Inc.	Signature Style Salons
DANDREA, LLC	LGC Properties Management	SmartStyle Hair Salons
Daniel Feiwell – No LLC	LST Clips, Inc.	SportClips
Demer Retail Ventures, LLC	M&M Wardeiner, Inc.	SRL Clips, LLC
Eckert, Inc. dba Great Clips	Majicuts	Studio Wish Salon
Empire Beauty Schools	MasterCuts	Style America
Esquire Holdings, LLC	Maxco, Inc.	Supercuts
Famous Hair	Maxxco, LLC	Tasha Sheipline
Fiesta Salons	Michael's Salon and Spa	TGF Hair Salon
FirstChoice HairCutters	MMAO, LLC	The 220 Group, Ltd.
Future of the Beauty Industry Coalition	NeCole Cumberlander	Professional Beauty Association
Gem City Clips	NFIB/Ohio	The Visage Group
Gold Coast Ventures, LLC	North Coast Partners, LLC	Tillery Enterprises, Inc.
Great Clips	Norton Clips, LLC	Tillery Salons, Inc.
Great Expectations	Oakpoint Partners, Inc.	TJTKR Enterprises, Inc.
Hair Crafters	Ohio Chamber of Commerce	Trinity Leadership 6, LLC
Hair Masters	Ohio Salon Association	Trinity Leadership 7, LLC
Hair Plus	Outlooks for Hair	Ulta
Head Start Haircare	Panopoulos Salons	Vanity Ventures, Inc.
	Park 50 Clips, LLC	We Care Hair
	Pro Cuts	

From: The Buckeye Institute
Sent: Wednesday, March 21, 2018 7:27 AM
To: Derksen, Nick
Subject: A truly free lunch *today in Columbus!

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THE BUCKEYE INSTITUTE

When you were growing up, your dutiful parents may have taught you (correctly so) that there is no such thing as a free lunch.

However, due to Arthur Brooks' flight cancellation, we had to cancel our luncheon event with him today at noon at the Athletic Club of Columbus.

As a result, we still have 80 pre-paid meals that we are on the hook for.

It's pan seared chicken, red skin mashed potatoes, and asparagus. Brownies too.

In an act of simultaneous frugality and generosity, we invite all of you to join our Buckeye staff in a consolation lunch that is free to all comers today only.

Please come on over if you are in Columbus and would like to show your parents that they were wrong just this one time.

Again, free lunch on Buckeye. No obligation. No program to listen to.
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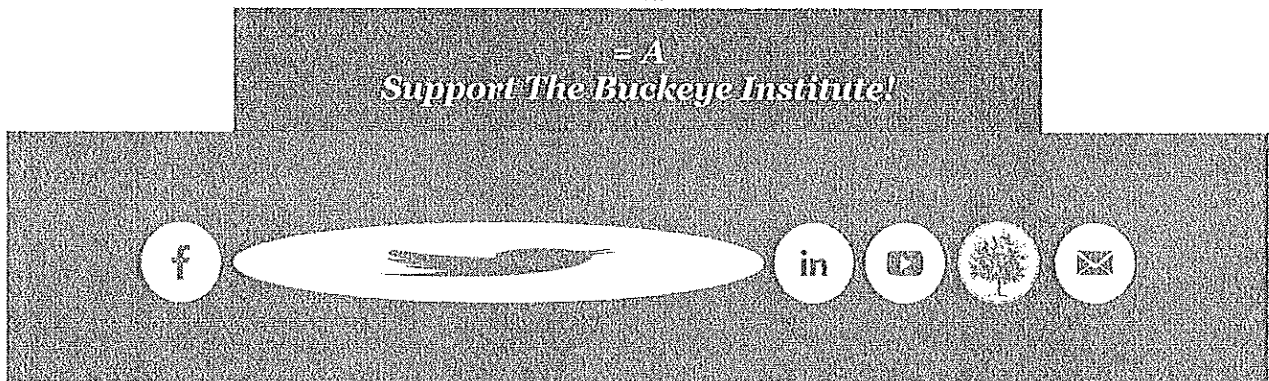
Noon. Athletic Club of Columbus. Second Floor. Crystal Room. TODAY!

###

Founded in 1989, The Buckeye Institute is an independent research and educational institution - a think tank - whose mission is to advance free-market public policy in the states.

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The Buckeye Institute, 88 East Broad Street,
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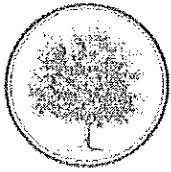
Sent by info@buckeyeinstitute.org

From: The Buckeye Institute
Sent: Wednesday, March 21, 2018 1:13 PM
To: Derksen, Nick
Subject: The Buckeye Institute: Occupational Licensing is a Red-Taped Obstacle for Workers

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THE BUCKEYE INSTITUTE

Contact: Lisa Gates, Vice President of Comms

FOR IMMEDIATE RELEASE

March 21, 2018

(614) 224-3255 or Lisa@BuckeyeInstitute.org

The Buckeye Institute: Occupational Licensing is a Red-Taped Obstacle for Workers

*Greg Lawson Testifies Before the Ohio Senate Government
Oversight and Reform Committee on Senate Bill 255*

Columbus, OH -- The Buckeye Institute's Greg R. Lawson testified today (see full text below or [download a PDF](#)) before the Ohio Senate Government Oversight and Reform Committee on Senate Bill 255.

In opening his testimony, Lawson said of Ohio's occupational licensing requirements, "No one denies that state licensing requirements are needed in some cases and industries to ensure public safety...But these concerns fade quickly when applied to auctioneers, travel guides, and hairdressers -- all of whom are subject to Ohio's byzantine licensing requirements."

Lawson also pointed to the state's burdensome occupational licensing as a factor slowing Ohio's economic recovery and impacting Ohio's minority communities, "State permission slip policies that make it harder and more expensive to find work only exacerbate the problem." Going on later to note that while the state's labor force participation has improved in recent years it remains below the national average and "Occupational licensing hurdles only make Ohio's full recovery more difficult."

The research in support of reducing occupational licensing spans the political spectrum with Lawson highlighting research by the **Heritage Foundation**, **National Bureau of Economic Research**, the **Brookings Institute's Hamilton Project**, and Democratic and Republican administrations. He also highlighted Buckeye's own research, *Forbidden to Succeed: How Licensure Laws Hold Ohioans Back* and *Still Forbidden to Succeed: The Negative Effects of Occupational Licensing on Ohio's Workforce*.

In closing, Lawson urged policymakers to reform Ohio's occupational licensing regulations saying, "Senate Bill 255 begins the overdue effort of reforming the state's occupational licensing regime and ending a misguided permission slip policy that has stood in the way of growth and prosperity for far too long."

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**Interested Party Testimony on Senate Bill 255
Before the Ohio Senate Government Oversight and Reform Committee**

**Greg R. Lawson, Research Fellow
The Buckeye Institute
March 21, 2018**

Chairman Coley, Vice Chair Uecker, Ranking Member Schiavoni, and members of the Committee, thank you for the opportunity to testify today regarding Senate Bill 255 and Ohio's need for occupational licensing reform.

My name is Greg R. Lawson. I am the research fellow at **The Buckeye Institute**, an independent research and educational institution -- a think tank -- whose mission is to advance free-market public policy in the states.

Ohioans should not have to ask the state for permission to earn a living. Yet, all too often, Ohio creates permission slip policies that make it harder -- and sometimes impossible -- for Ohioans or would-be Ohioans to pursue their careers and put food on the table for their families. Such policies must end.

No one denies that state licensing requirements are needed in some cases and industries to ensure public safety. Requiring appropriate education and training for physicians, healthcare providers, pilots, and truck drivers, for example, helps safeguard the general public in our hospitals and on our roads and runways. But these concerns fade quickly when applied to auctioneers, travel guides, and hairdressers -- all of whom are subject to Ohio's byzantine licensing requirements.

Consider Jennifer McClellan. A new mother, a long-time professional, and a licensed massage therapist, Jennifer tried moving back to Ohio to be closer to her family, but the Ohio State Medical Board denied her license application because she was 10 days shy of the state's training requirements.[1] The board unduly discounted Jennifer's years of training and work experience, and would not honor the license she had already earned in Minnesota. Jennifer is not alone.

Tragically, such cases plague Ohio's minority communities -- communities already facing daunting employment prospects. Nationally, the unemployment rate among African Americans remains much higher than among other demographics. According to the Bureau of Labor Statistics, the most recent unemployment rate among African Americans was 6.9 percent -- nearly double the 3.7 percent rate for whites.[2] Unemployment confronts 27.2 percent of young African Americans between 16 and 19, compared to the 12.6 percent of young whites.[3] State permission slip policies that make it harder and more expensive to find work only exacerbate the problem, adding insult to injury in our job-deprived minority communities.

Recent scholarship across the political spectrum has highlighted the challenges presented by occupational licensing schemes and has made clear that the burdens created by such bureaucratic requirements must be lifted.

For starters, according to the Heritage Foundation, occupational licensing requirements cost the average U.S. household a staggering \$1,033 per year.[4] Even more troubling,

however, are the adverse effects that licensing has on interstate mobility and the labor market itself. A new study by professors Janna Johnson and Morris Kleiner of the Humphrey School of Public Affairs, for example, found that the migration rate of workers in occupations with state-specific licensing exam requirements was 36 percent lower than rates for other occupations.[5] By contrast, occupations with national examinations showed no evidence of such a limitation on interstate mobility.[6] Put simply, state-specific licensure makes migration more difficult by closing occupational doors for people who want to move.

In testimony before the U.S. Senate Judiciary Committee, Professor Kleiner has stated that he and Alan Krueger, the former head of President Obama's Council of Economic Advisors, had calculated that licensing laws cost between a half and one percent of jobs nationally in 2010.[7] Those seemingly small percentages amount to tens of thousands of jobs across America that never came into existence -- a claim bolstered by research out of the Brookings Institute's Hamilton Project revealing that stringent licensing requirements result in fewer providers of the services subject to the requirements.[8] Fewer providers means fewer employers and fewer available jobs.

Perhaps unsurprisingly, given Mr. Krueger and Professor Kleiner's findings, the Obama Administration released a detailed report in 2015 calling for nationwide reforms to occupational licensing.[9] Echoing bipartisan support for such measures, the Trump Administration's Secretary of Labor has since said, "Americans want principled, broad-based reform. If licenses are unnecessary, eliminate them. If they are needed, streamline them. And, if they are honored by one state, consider honoring them in your own state. Americans looking to enter the workforce deserve no less than our most ardent efforts to remove regulatory barriers so that they can have a job." [10]

Focusing less on national trends and more on Ohio's own licensing concerns, The Buckeye Institute's report, *Forbidden to Succeed: How Licensure Laws Hold Ohioans Back*, showed not only that Ohio's licensing burdens are well above the national average, but also that nearly every Ohio license that requires training can be earned in less time in another state.[11]

Our subsequent study, *Still Forbidden to Succeed: The Negative Effects of Occupational Licensing on Ohio's Workforce*, confirmed the disturbing and stubborn fact that Ohio's licensing requirements erect higher barriers to employment for those most in need of quality jobs: middle-aged and low-income workers, and those without a college degree.[12]

Senate Bill 255 takes several steps toward fixing Ohio's occupational licensure problem. First, for the first time in state history, policymakers would be required to use the least restrictive regulation when displacing competition, and the bill identifies various licensing alternatives -- listed from least restrictive to most restrictive -- that the state could pursue if confronting a verifiable public safety risk. Second, Senate Bill 255 establishes a process for legislative panels to use when weeding through Ohio's overgrown thicket of licensing boards. Under this process, boards that the General Assembly does not proactively reauthorize would simply dissolve. Taken together, these provisions give lawmakers a much-needed tool for uprooting bureaucratic thistles that deprive Ohioans of the potential fruits of their labor.

In addition to its sunset provisions, Senate Bill 255 also creates a sunrise review process to be used whenever a new licensing bill is introduced. This provision will require the Legislative Service Commission (LSC) to assess the potential consequences of any new licensing legislation with respect to employment opportunities, consumer choices and costs, market competition, and costs to the government. Additionally, under S.B. 255, the LSC must assess 20 percent of the occupations regulated by the state each calendar year beginning in 2018, assess all occupations at least once before 2022, and continue such assessments on a five-year rolling basis after 2022.

These are all positive strides for a state still struggling to create new jobs. Ohio still has not rebounded fully from the tech bubble burst and remains down by almost 93,000 private-sector jobs from its peak in March 2000 -- now 18 years ago.[13] The state's labor force participation has improved in recent years, but remains slightly below the national average. Occupational licensing hurdles only make Ohio's full recovery more difficult.

Every licensing requirement raises a new red-taped obstacle for workers to clear before earning a living or starting a new career. Every hour of unpaid training needed to satisfy bureaucratic requirements is an hour not spent earning tips, impressing a boss, serving a customer, or opening a business. Those are hours of lost productivity, hours of opportunity that young, low-income workers sorely need, but that the state continues to take for itself.

Senate Bill 255 begins the overdue effort of reforming the state's occupational licensing regime and ending a misguided permission slip policy that has stood in the way of growth and prosperity for far too long.

Thank you for your time and consideration. I welcome any questions that the Committee might have.

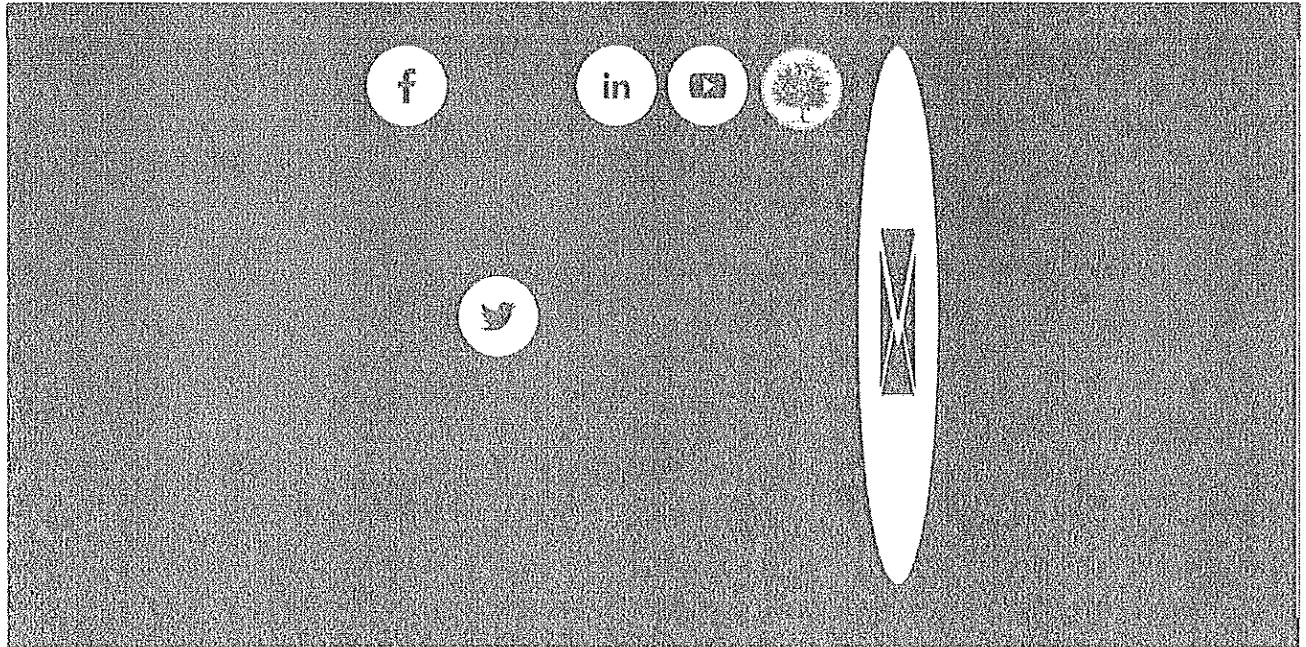
- [1] Greg R. Lawson, *Goodbye, Ohio. A Talented Massage Therapist Forced to Leave State Because of Crazy Licensing Rules*, The Buckeye Institute, February 29, 2016.
- [2] Bureau of Labor Statistics, *Table A-2. Employment Status of Civilian Population by Race, Sex, and Age*, U.S. Department of Labor (Last visited March 16, 2018)
- [3] *Ibid.*
- [4] Salim Furth, *Costly Mistakes: How Bad Policies Raise the Cost of Living*, The Heritage Foundation, November 23, 2015.
- [5] Janna E. Johnson and Morris M. Kleiner, *Is Occupational Licensing a Barrier to Interstate Migration?*, National Bureau of Economic Research, December 2017.
- [6] *Ibid.*
- [7] Morris M. Kleiner, *License to Compete: Occupational Licensing and the State Action Doctrine*, Testimony before the U.S. Senate Committee on the Judiciary, Subcommittee on Antitrust, Competition Policy, and Consumer Rights, February 2, 2016.
- [8] Morris M. Kleiner, *Reforming Occupational Licensing Policies*, The Hamilton Project, March 2015.
- [9] The White House, *Occupational Licensing: A Framework for Policymakers*, July 2015.
- [10] Secretary of Labor Alexander Acosta, *Speech before the 44th Annual Meeting of the American Legislative Exchange Council*, U.S. Department of Labor, July 21, 2017.
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- [11] Tom Lampman, *Forbidden to Succeed: How Licensure Laws Hold Ohioans Back*, The Buckeye Institute, November 18, 2015.
- [12] Orphe Pierre Divounguys, PhD, Bryce Hill, and Greg R. Lawson, *Still Forbidden to Succeed: The Negative Effects of Occupational Licensing on Ohio's Workforce*, The Buckeye Institute, December 18, 2017.
- [13] Bureau of Labor Statistics, *Ohio Economy at a Glance*, U.S. Department of Labor (Last visited March 16, 2018).

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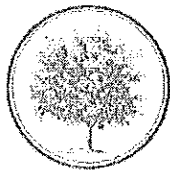
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The case turns on the question of whether "agency fee" arrangements-which require workers to pay union fees to public sector unions to cover the unions' activities other than political action-violate the First Amendment.

The Buckeye Institute filed two **amicus** briefs in the case arguing that overturning *Abood v. Detroit Board of Education* is unlikely to cause significant decline in union membership or spending, with Alt saying that the case "has the potential to be one of the most important labor and free speech cases in the past 40 years."

The panelists are:

- William L. Messenger, staff attorney at the National Right to Work Legal Defense Foundation; and
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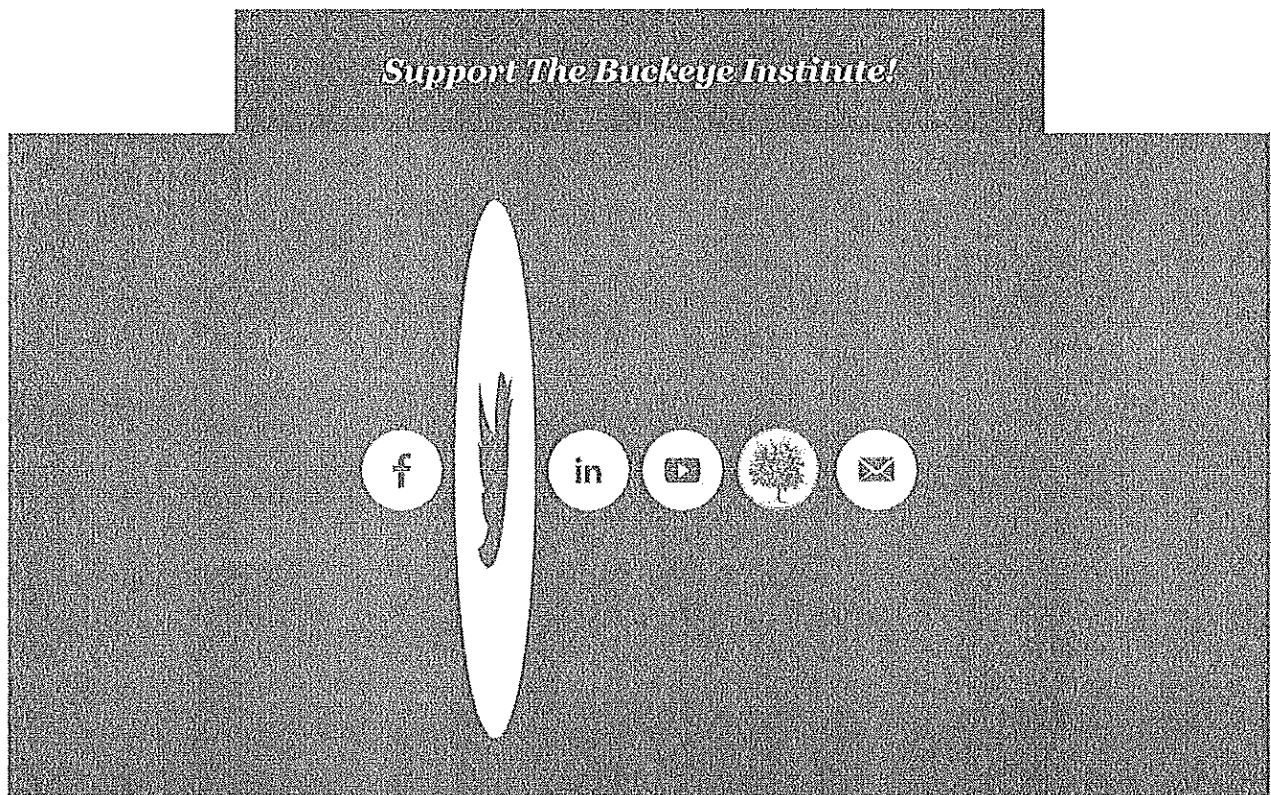
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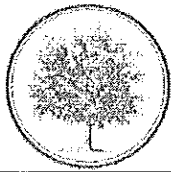
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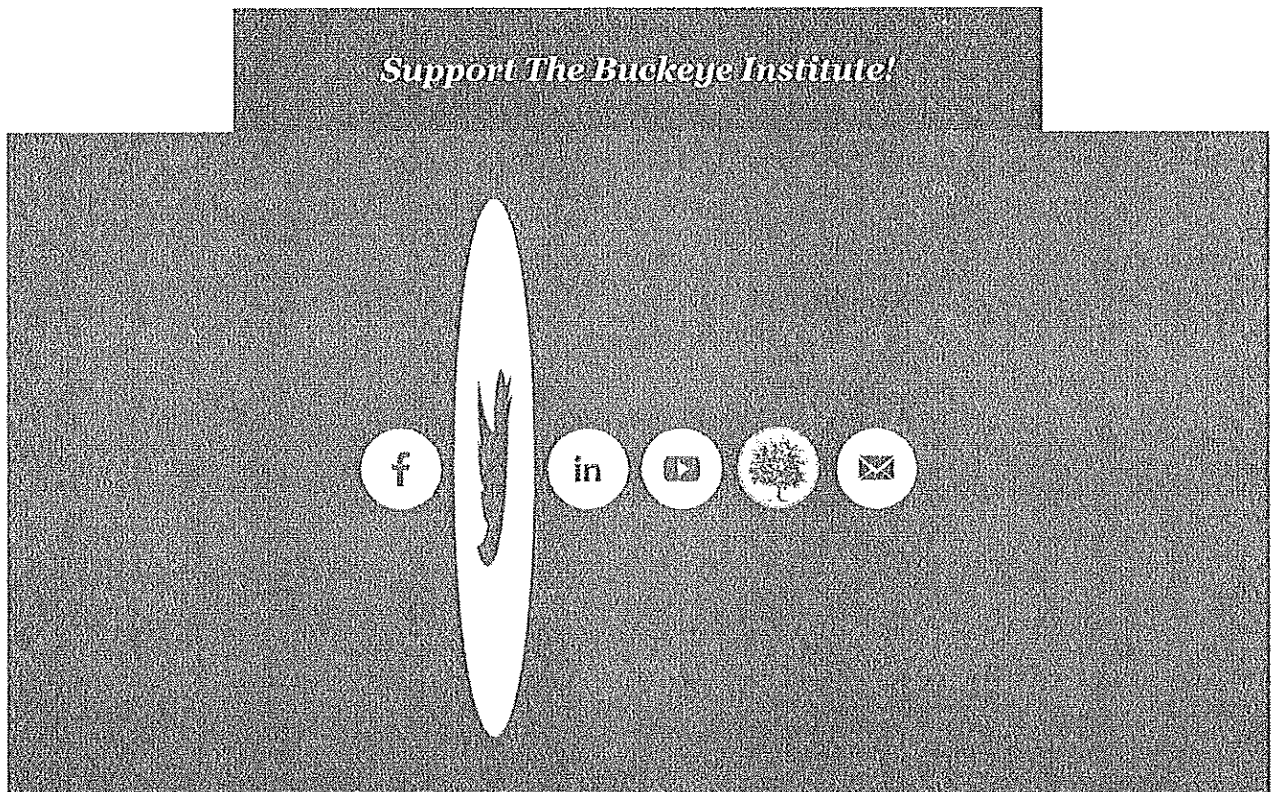
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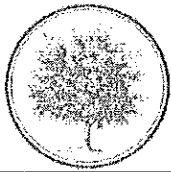
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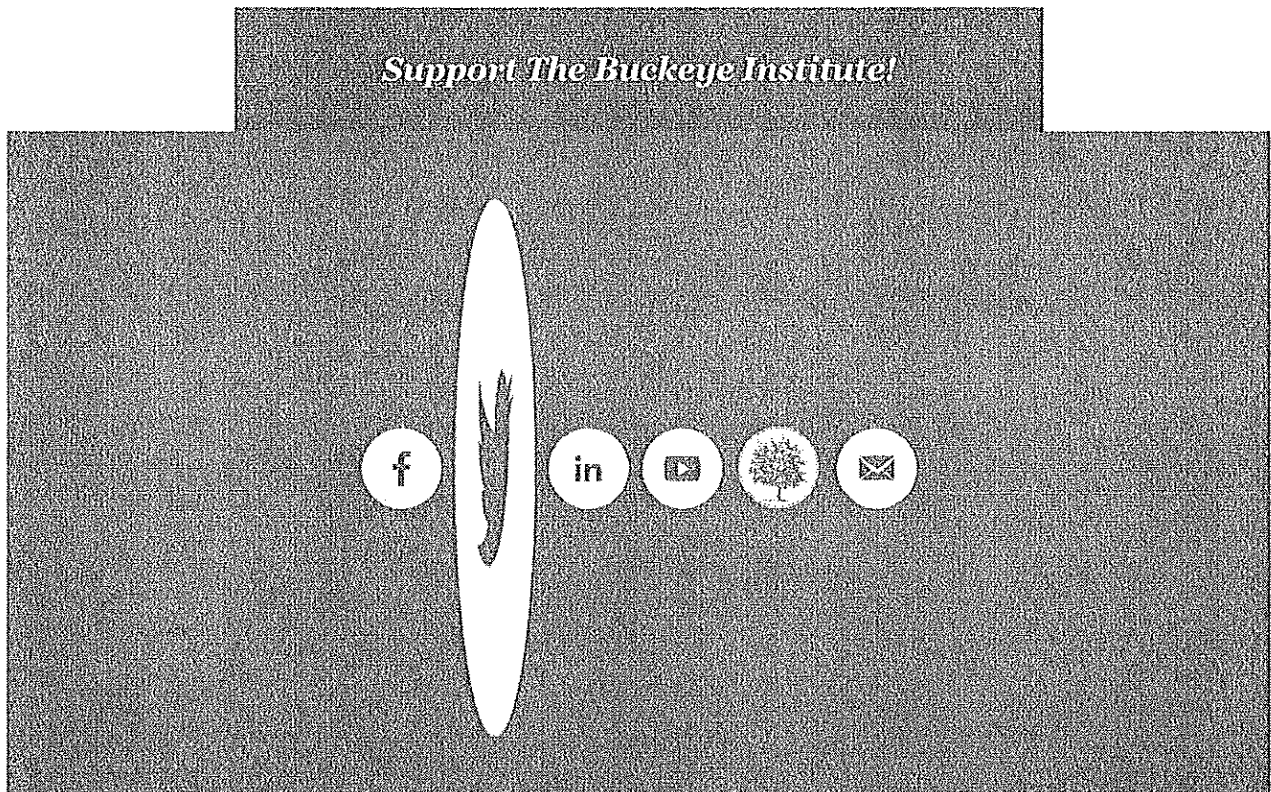
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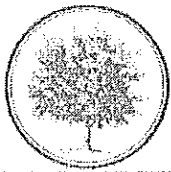
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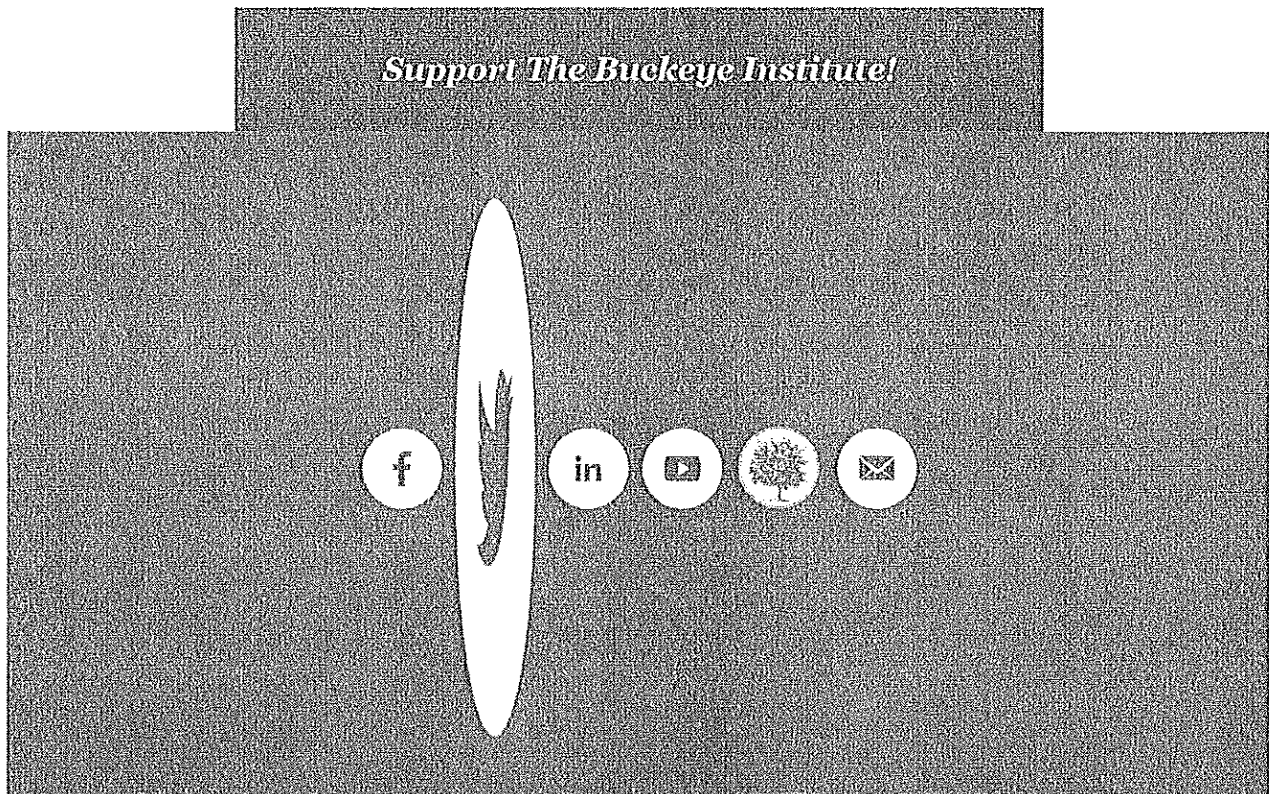
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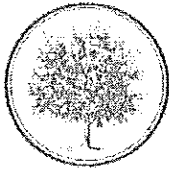
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The Buckeye Institute Identifies \$1.8 Billion in Tax Loopholes that Should be Closed

Columbus, OH -- The Buckeye Institute today released a list of \$1.8 billion in tax loopholes that should be reviewed by the Ohio's Tax Expenditure Review Committee and considered for elimination to simplify Ohio's tax code and reduce Ohio's tax rate. Eliminating these loopholes without reducing the tax rate would be a tax increase on the citizens of Ohio.

"Ohio has made progress in recent years to improve the state's tax system. Yet, more can be done to build on that success and to further strengthen Ohio's job creation climate," said Greg R. Lawson. "That is why the work of the Tax Expenditure Review Committee is so important. By closing the loopholes we have identified, policymakers will be able use those savings to lower tax rates to keep Ohio's economy growing."

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The Buckeye Institute recommended closing **20 loopholes** that total \$1.8 billion in savings which should be used to reduce Ohio's tax rate, including:

- The notorious NetJets loophole for those who buy shares of corporate jets;
- The **motion picture tax credit**, which has been **eliminated** in other states;
- Credits for political campaign contributions; and
- The job retention and creation tax credits that favor one business over another.

Tax expenditures, or loopholes, no matter how well intentioned, add complexity to Ohio's tax code and favor specific groups over others. As outlined in Buckeye's *Tax Reform Principles for Ohio*, a simpler, flatter tax code that allows all businesses to compete on an equal playing field should be the goal of Ohio policymakers.

The Buckeye Institute **first called for the creation of the review committee** in 2011, when, along with the Center for Community Solutions and the Greater Ohio Policy Center, it identified **20 loopholes** that should have been closed.

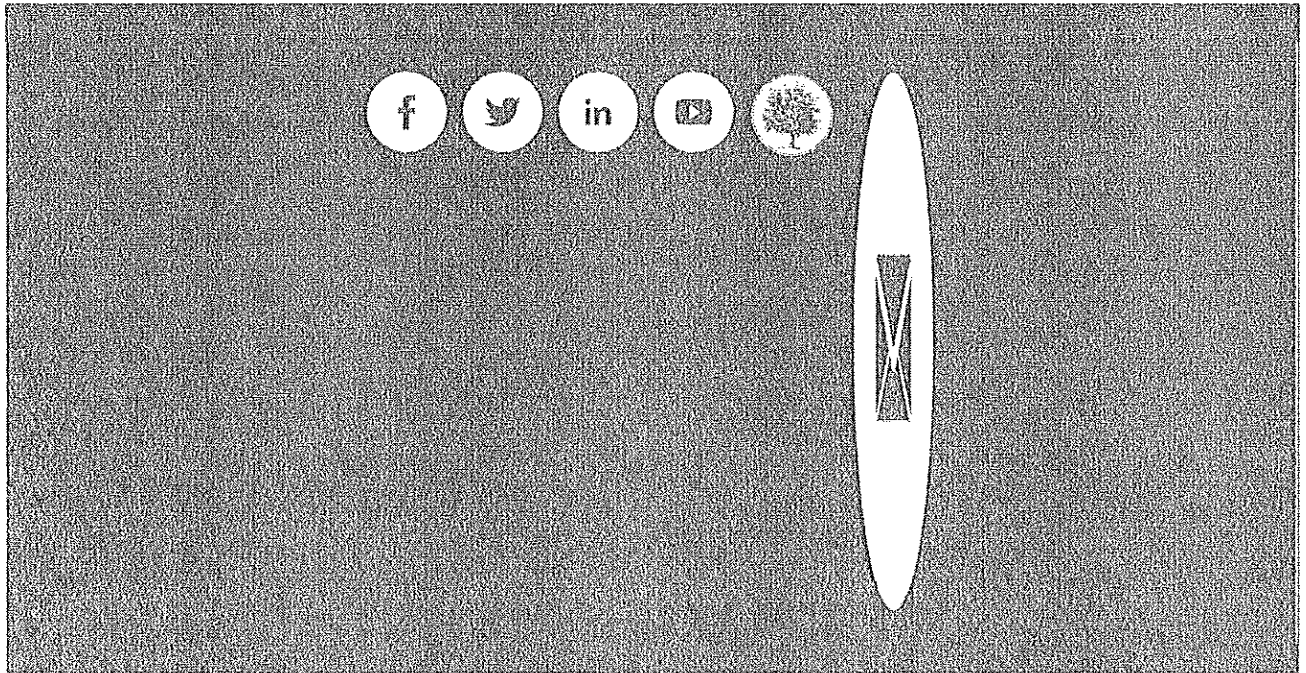
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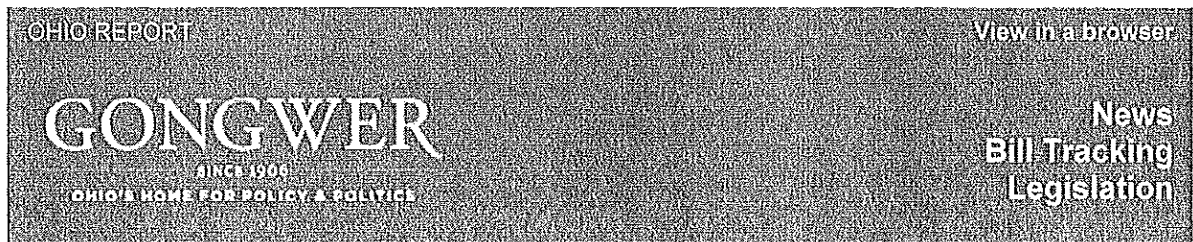
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Proposal Is Introduced

State Unemployment Drops To Lowest Level In More Than 16 Years

Senator Backing Medical Marijuana Audit Bill Supports Review By
Commerce Department

High Court To Hear Traffic Camera Case

Candidates Stress Experience In House District 26 Primary

OPA: Pharmacists Can Serve As Educators In Opioid Struggle

Medical Pot Program Halt Rejected; Complaint Against DeWine
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Daily Activity Planner for Saturday, April 21- Monday, April 23

Legislative Committees

No legislative committees scheduled.

Agency Calendar

Monday, April 23

Controlling Board, North Hearing Rm., Senate Bldg., Columbus, 1:30 p.m.
Human Trafficking Commission, 18th Fl., 150 E. Gay St., Columbus, 2 p.m.

Event Planner

Saturday, April 21

YMCA Youth & Government High School State Assembly 2, Statehouse,
Columbus

17 S. High St., Suite 630
Columbus Ohio 43215

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Volume #87, Report #77 -- Friday, April 20, 2018

Energy Standards Bill Timeline Unclear As Another Wind Setback Proposal Is Introduced

Senate President Larry Obhof this week referred to ongoing talks over the state's energy standards and wind turbine setback revisions as "a long-term project."

The remark lends further uncertainty to the timeline in which Senate Republicans hope to roll out a substitute bill on a measure (HB 114) that in its current form waters down the state's renewable and energy efficiency benchmarks.

Earlier this month, Sen. Obhof had predicted a sub bill could be ready "in the next few weeks." (See Gongwer Ohio Report, April 6, 2018)

But asked this week about the Senate's priorities in the coming weeks, Sen. Obhof (R-Medina) said: "We've talked a number of times about energy, and particularly 114 probably now is a long-term project."

Sen. Obhof had previously labeled the measure a priority for the first part of the year but the timeline has been pushed back at every juncture as lawmakers grappled with a congressional redistricting ballot issue (SJR 5), the capital budget (HB 529) and other pressing proposals.

Sen. Bill Beagle (R-Tipp City) and Sen. Troy Balderson (R-Zanesville) are spearheading talks on that sub bill but have said the timeline and the extent of the changes to the legislation remain unclear. The caucus has yet to reach a consensus on the plan the senators presented behind closed doors last month. (See Gongwer Ohio Report, March 23, 2018)

Changes to loosen the state's setbacks for wind turbines are expected to be a component of the sub bill and advocates have continued pressing lawmakers in recent weeks to walk back restrictions put in place in a 2014. (See Gongwer Ohio Report, April 12, 2018)

Rep. Fred Strahorn (D-Dayton) on Tuesday introduced his own standalone measure to reduce setbacks (HB 604). His plan joins several other legislative efforts to accomplish that feat, including proposals from Sen. Matt Dolan (SB 238) and Sen. Michael Skindell (SB 184).

The minority leader's proposal would require turbines to be no closer than 1,125 feet from the tip of a turbine to the exterior of the nearest habitable residential structure. Current law, in contrast, measures the distance from the structure's property line.

The measure would also make permanent tax exemptions for tangible personal property of a qualified energy project using renewable energy resources under certain conditions.

Trish Demeter, the Ohio Environmental Council's vice president of energy policy, welcomed the latest attempt.

"I applaud Leader Fred Strahorn for proposing HB604 - a bill which if passed, would pave the way for full scale wind development in Ohio," Ms. Demeter said.

"For too long, Ohioans have missed out on trends towards wind energy due to unnecessarily large setbacks from property lines. Fixing the wind setback issue is critical for further development of wind energy across the state, and bringing Ohio up to speed in the growing clean energy economy."

State Unemployment Drops To Lowest Level In More Than 16 Years

Ohio's unemployment rate dropped a notch to 4.4% in March, maintaining a positive trend of recent months and reflecting the best report since August 2001, according to the Department of Job and Family Services.

The March rate was a drop from 4.5% in February 2018, the agency reported. Total employment increased 10,800 over the month to 5,579,200, and the number of unemployed was down 9,000 to 253,000.

The unemployment total has dropped by 40,000 since March 2017, when the rate was 5.1%, and the state has seen an increased of 54,400 jobs during that period, according to state data compiled in conjunction with the federal Bureau of Labor Statistics.

"Another strong jobs report out today," Gov. John Kasich stated on his Twitter account. His statement was accompanied by a GIF of actor Chuck Norris giving a thumbs-up.

"Since 2011, Ohioans have created 501,000 new private sector jobs, and unemployment is the best it's been since 2001," Mr. Kasich said. "We've come a long way since 2010. Let's keep it going, Ohio!"

Senate President Larry Obhof (R-Medina) said the number of new private jobs reflected an important milestone for the state. The positive news shows the GOP-run legislature's policies are working, he said.

"We work diligently to not only create an environment of possibilities for Ohio's job creators but also to ensure Ohioans from all backgrounds are prepared to take advantage of those opportunities," Sen. Obhof said in a release.

"We've done this through creating a jobs-friendly business environment, developing a jobs-ready workforce and empowering Ohio's small businesses, the backbone of our economy. While this is an important milestone that shows Ohio's policies are working, we have much more to do, and we will continue to build on this progress."

Despite the recent gains, Ohio still lags the nation, as the U.S. unemployment rate for March was 4.1%. That figure was unchanged from February and down from 4.5% in March 2017.

During a month when most sectors saw job gains, the best performers were the private service-providing sector, which added 5,700 positions, as well as trade, transportation, and utilities (+3,400). ODJFS noted the most significant losses in information (-700) and other services (-500).

Agency spokesman Bret Crow said eight industries or sub-sectors experienced record-high employment levels. They are: transportation, warehousing and utilities; finance and insurance; educational and health services; educational services; health care and social assistance; leisure and hospitality; accommodation and food services; and state government.

The March gains in the construction industry, which was up 1,200 jobs, represented the third consecutive month of steady job growth in the sector, which has gained 5,700 jobs over the last year, Mr. Crow said.

In addition, the state versus federal comparison on job growth favored Ohio, as the state added jobs at a rate that was more than double the national rate, or 0.19% versus 0.07%, he said. And the average weekly earnings for Ohioans is up \$3.14 compared to last month and \$28.45 compared to last year, both outperforming the national rate.

"It's an across-the-board positive report with lower unemployment and new job growth that doubled the nation's," Mr. Crow said.

Andrew J. Kidd, senior economist with the Economic Research Center at The Buckeye Institute, said the latest jobs report shows "Ohio's job market is allowing individuals who desire jobs to get jobs."

"However, Ohio has yet to reach the national unemployment rate of 4.1%, he added. "This, as well as a labor force participation rate lower than the national average, shows that Ohio still has work to do. The right reforms, such as closing tax loopholes and removing unnecessary barriers to employment through occupational licensing, would create opportunities for sustained job growth."

"Ohio in 2018 has experienced positive job growth. Yet, another month of an unchanged labor force participation rate once again implies that some individuals are still not searching for jobs," Mr. Kidd added.

Hannah Halbert, researcher with Policy Matters Ohio, said the state has gained more jobs in the first three months of 2018 than in all of 2017.

"While labor force participation suggests there is still room for improvement, Ohio's labor market is finally tightening," she said. "Even so, many jobs pay too little and offer too-few hours, making it nearly impossible to afford basics like food and health care without

public support. Raising the minimum wage, restoring the 40-hour work week, and supporting paid leave would make the most of this tighter labor market and help rebuild a path to the middle class."

Ms. Halbert said Ohio continues to underperform the nation's 12-month rate for job growth and has "vastly underperformed" the rest of the U.S. since the 2005 tax overhaul was enacted.

"Ohio is not out of the woods. A bad month or two could erase this streak and more months of solid growth are needed to take up the remaining slack in our labor market," she said.

Senator Backing Medical Marijuana Audit Bill Supports Review By Commerce Department

A senator who sponsored legislation to require an audit of the medical marijuana licensing process said he's supportive of efforts by the Department of Commerce to perform its own review.

Sen. Bill Coley (R-Liberty Twp.) introduced a proposal (SB 264) in February to require a state auditor investigation of DOC's awarding of provisional licenses for medical marijuana growers, including a set timeframe for the review and the awarding of certificates of operation.

It was intended to remove any clouds of suspicion or impropriety from the licensing process, the sponsor said. (See Gongwer Ohio Report, February 22, 2018)

That measure had its first hearing this week in the Senate Health, Human Services & Medicaid Committee. (See Gongwer Ohio Report, April 17, 2018)

Since February, DOC and other agencies involved in the medical marijuana program have worked to tamp down expectations for the initiative's Sept. 8 go-live date, saying it's unlikely all license recipients will be operational by then. (See Gongwer Ohio Report, April 5, 2018)

The agency worked with an attorney general-appointed special counsel to hire a third-party auditor to review the scoring and find possible improvements. The department reported Friday that Ernst & Young was retained for the work, which does not have a set deadline for completion but is expected to take "a matter of weeks" to finish.

Sen. Coley complimented the department on that effort and said the goal of his legislation is simply to ensure the state has a fair process.

"You could easily argue that they're already doing those things," he said in an interview. "I want to make sure it gets done and it gets followed through."

He encouraged the department to work with the auditor's office to ensure the process is thoroughly reviewed.

"I support Commerce going through and looking at the whole thing, re-scoring if necessary and awarding additional licenses if warranted," he said. "I think that's all a good thing and it would be for the benefit of all patients and the state of Ohio."

Sen. Coley said he's confident the department will correct any issues.

"I think they realize that some mistakes were made and they want to correct them," he said.

DOC will go before the Controlling Board Monday to request more than \$5 million for staffing, legal costs and other expenses for the medical marijuana program. (See Gongwer Ohio Report, April 16, 2018)

High Court To Hear Traffic Camera Case

The battle over automated traffic cameras will continue next week with the latest front being the Ohio Supreme Court.

The city of Toledo and the state are at odds over a previous budget (HB64, 131st General Assembly) provision that allows the state to reduce Local Government Fund distributions for non-compliance with traffic camera restrictions (SB342, 130th General Assembly), some of which were struck down by the high court. (See Gongwer Ohio Report, July 26, 2017)

Ten days prior to the traffic camera restrictions becoming law, the city asked for and received an injunction from the Lucas County Common Pleas Court, the high court reported.

Lawmakers then passed the biennial budget containing the LGF reduction provisions. The city again asked for and received an injunction from the trial court, which found the state would be in contempt if it withheld funding from cities based on non-compliance with a law found to be unconstitutional.

The Sixth District Court of Appeals upheld the ruling, leading to the state appeal to the high court, where it argues the budget provision is a reporting requirement and a formula for discretionary spending. (Docket)

"Toledo has no 'home rule' right to receive money from the General Assembly," the state writes in a brief. "It is not 'losing' money that it has, but rather choosing to give up money in order to run its traffic-camera program as it sees fit."

The state also contends that the city should have been required to file a separate lawsuit in the matter and that the injunction is a violation of separation of powers.

"The Sixth District's holding invades the legislative power and exceeds the judicial power because courts do not have roving license to enjoin legislation," the state argues. "Courts must instead draw the power to block legislation from specific constitutional prohibitions."

The city, however, claims that lawmakers are seeking to coerce compliance with unconstitutional laws.

It also argues that the state is the guilty party when it comes to the violation of separation of powers.

"If the General Assembly could simply ignore the judicial branch any time legislation is struck by withholding funds to those entities that do not comply with the unconstitutional legislative acts, then there is no separation of powers because the legislature would reign supreme," the city writes in its brief.

"This type of legislation is not a 'new' law that merits a separate lawsuit and separate constitutional analysis, but moreover an affront to the authority of the judiciary. The Penalty Provisions try to avoid judicial control by reenacting unconstitutional laws."

The case is slated for oral arguments as another measure (HB 410.00) authored by the primary sponsor of the 2014 law works its way through the General Assembly.

Rep. Bill Seitz's (R-Cincinnati) legislation would eliminate the use of administrative hearings when a civil citation is issued for a traffic violation recorded by a photo-monitoring device and require local governments that use traffic-monitoring devices to annually file a report with the tax commissioner detailing how much revenue is generated from their use which will then be subtracted from the LGF distribution.

The court will hear three other cases next week:

- In *State v. Dunson*, a Montgomery County man convicted of murder and aggravated robbery will ask the justices to set aside \$6,199 in court costs.
- The court in *East Manufacturing v. Testa* will determine if a Portage County company is eligible for a use tax exemption for the purchase of natural gas it uses to heat six buildings where aluminum truck trailers are constructed.
- A bank will argue that despite federal rules requiring a face-to-face meeting with a borrower after three missed mortgage payments prior to proceeding with a foreclosure it should be allowed to move forward because the meeting occurred during court-ordered mediation after the second attempt to foreclose in the case of *Wells Fargo Bank v. Burd*.

Candidates Stress Experience In House District 26 Primary

A Columbus City School Board member and a law clerk with a background in youth advocacy each say their breadth of experience make them the ideal candidates for the 26th House District.

The Democrat-leaning district is currently represented by Rep. Hearcel Craig (D-Columbus), whose bid for the Senate is opening the path for a new face. Michael Cole, 45, and Erica Crawley, 37, are both working to secure the Democratic nomination, after which the victor will likely face Republican Shareeque Sadiq in November.

Mr. Cole said he has a track record of "having gotten things done in the most tough circumstances" thanks to his two terms on the school board.

"It's one thing when the whole deck's lined up for you and you're accomplishing some things of the work and will of people," he said. "It's another to have every kind of almost insurmountable obstacle against you whether it's state, federal, local discontent for something and still move the needle of achievement."

Ms. Crawley, while touting her own experience, credits her desire to enter public office to her great aunt who in 2007, shortly before her death, asked her during a conversation on political leaders, "Why not you?"

"She was never elected, never interested in politics per se, but she gave her time," Ms. Crawley said. "She spent a lot of time with the church, with homeless families. She never met an enemy. People loved my aunt and she loved people. I would hope she would be proud of me if I could be half the woman she was and make the impact she made."

Mr. Cole is originally from Cleveland but first came to Columbus as a student at Ohio State University. "This city kind of had me at hello," he said.

He picked up a master's degree in communication at Seton Hall University and then chose to return to Columbus where he sought out service opportunities including a five-year stint as area commissioner in Westgate.

"The opportunity and potential that this city offers I think is tremendous," Mr. Cole said. "I think it was almost a spiritual calling to end up in this city."

He said he worked on neighborhood safety and beautification issues, before segueing into politics and hosting a public affairs radio show. He was first elected to the school board in 2013 and reelected last year. He's currently vice president of the board, which is dominated by Democrats.

"I came with the mindset of working to ensure and strengthen accountability, curriculum, transparency and safety in the district," Mr. Cole said. "I'm committed to bringing that same mindset to the Statehouse."

Even though it contains solely Democrats, he said, the school board has taught him valuable lessons.

"Even if everyone's on the same page from the politics standpoint everyone brings different points of view, skills, knowledge and attitude," Mr. Cole said. "Working among a body politic making decisions and brokering decisions...on matters that effect people is something I've tremendously learned from this experience."

Ms. Crawley is also a transplant, hailing originally from Youngstown. She spent 2000-2003 serving in the United States Navy in Virginia. After giving birth to twin girls - Hope and Faith, who are now 13 - she moved to Cleveland where she finished her college degree in criminology with a focus on juvenile delinquency.

Next was a stint in Atlanta where she received her masters and had an array of jobs centered on supporting youth including work for the Black Child Development Institute and the Court Appointed Special Advocate program.

She returned to Columbus where she attended Capital University Law School, graduating in 2017 with a concentration in civil litigation. Following that, she clerked for Honda North America and since 2016 has clerked for Eastman and Smith's Columbus office.

Both candidates list education as a central plank of their platforms. For Ms. Crawley that means ensuring equal access to quality education.

"I am an advocate for universal Pre-K," she said. "But also making sure all of our children have the same opportunities. Addressing school funding and school resources definitely plays a part."

She said she also wants to expand trade school options for young students and to focus on economic development.

"Especially in the 26th District there is disinvestment and underinvestment in that community," she said. "I would love to focus on micro-business and small businesses and making sure my neighbors have access to those resources."

She added she'd press for equal access in other areas, such as healthcare, including addiction and mental health support services.

"With that, making sure our aging population has the services they need," Ms. Crawley added. "There are a lot of grandparents taking care of their grandchildren and they don't have the resources necessary to do that effectively."

On the education front, Mr. Cole said he wants to restore consistency, including possibly by requiring five-year curriculum plans. He likened his experience on the board to being Harry Houdini locked in a box with the key inside as he's thrown over Niagara Falls.

"I find out a lot of what confines public schools period...is they are all boxed in by state laws that don't take consideration to how certain things affect us," he said. "From funding to property taxes to education and curriculum and how important it is to make sure it's steady, consistent."

In other areas, Mr. Cole said he wants to alleviate property tax burdens and create more opportunities for mixed income housing.

"I think there are any number of ways we can look at funding public education that doesn't solely fall on the backs of property owners, particularly in poor communities," he said. "I think we can do some income tax sharing. ... I think there are some win-wins. We just have to turn over some stones."

Ms. Crawley said she's the candidate voters should turn to if they seek experience thanks to a career and life experience span the spectrum from nonprofit to for-profit, military and civilian.

"I've had a commitment to being of service to others," she said. "If you look at my career either professionally or in volunteerism...I have always had a commitment to making a difference in the communities in which I lived and making a difference especially for individuals who come from poverty or low-income families."

Mr. Cole and his wife Lee have three children, ages 21, 15 and 14. He is a substitute social studies teacher who enjoys motorcycles and muscle cars.

In addition to spending time with her daughters, Ms. Crawley said she collects books, particularly of the professional development variety or autobiographies.

Subscribers Note: This story is part of a series focusing on key primary races for Ohio legislative seats. See *Gongwer's Election Page* for more information on 2018 contests, including our *Key Races*.

OPA Pharmacists Can Serve As Educators In Opioid Struggle

From asking customers to question potentially counterfeit pills to teaching them how to dissolve old medication in cat litter or coffee grounds, Ohio's pharmacists have a key role in fighting the state's opioid epidemic.

That was the message from officials with the Ohio Pharmacists Association to the nearly 1,000 pharmacists and students who attended the group's 140th annual conference and trade show Friday at the Greater Columbus Convention Center.

Ernie Boyd, executive director of the OPA, said pharmacists and the public need to "keep the pressure on" to get patients to request other medications and medical professionals to write fewer prescriptions for opioids.

Mr. Boyd said over-the-counter drugs can be a fine alternative to prescription opiates. He said he thinks it was a "major mistake" to allow ibuprofen and other anti-inflammatory or pain-relief medication to be sold without a prescription.

"In the public's mind, (ibuprofen) is as innocuous as cheese or rutabaga because it's sold next to those products," he said. "I think that's insane. These are very potent drugs."

The public tends to believe prescription drugs inherently are more effective and over-the-counter drugs safer, Mr. Boyd said, adding that's not always the case.

The convention included a demonstration of multiple ways people can dispose of old or unneeded medication, from using specialty kits to mixing it with water and coffee grounds or cat litter to make it unpalatable to animals and children. Mr. Boyd said pharmacists can explain the importance and methods of disposal and serve on local drug task forces to assist in the opiate fight.

The group also advised pharmacists to explain the importance of avoiding medication from potentially dubious sources, whether it be an acquaintance or an online retailer.

"The large majority of internet sites are (fraudulent)," Mr. Boyd said. "Ninety-eight percent of the online pharmacies are not pharmacies at all. They're fake."

He said counterfeit pills may look virtually indistinguishable from pills produced by the actual manufacturer and could include powerful opioids such as fentanyl and carfentanil. The consequences of consuming the bootleg drugs range from addiction to death.

Dr. Michael Ybarra, deputy vice president of advocacy and strategic alliances at PhRMA, said the public needs to get medicine from a trustworthy source. He said buying from "rogue online pharmacies" can be a dangerous move.

"The safest thing to do is to buy at a pharmacy," he said. "The U.S. distribution system is totally closed (with) FDA inspected facilities."

Mr. Boyd said there are some legitimate online pharmacy sites, which typically feature the National Association of Boards of Pharmacy's Verified Internet Pharmacy Practice Sites logo and have a pharmacy domain names.

The most important advice for members of the public, Mr. Boyd said, might simply be to stop using medication that was not prescribed to them.

"You just don't share any of the stuff, period," he said."

Medical Pot Program Halt Rejected; Complaint Against DeWine Dismissed; No New Trial For Beck; Buckeye Institute Weighs In On Case..

A Franklin County judge on Friday declined to put the state's medical marijuana program on hold.

Instead, Franklin County Common Pleas Court Judge Richard Frye will consider the matter again at a May 11 hearing.

"We're pleased that there's been a decision not to pause the program," said Thomas Rosenberger, a spokesman for the National Cannabis Industry Association of Ohio.

The Friday hearing was a result of a lawsuit filed by Ohio Releaf LLC, which was denied a cultivator's license and subsequently sued the Department of Commerce for what it alleges is a failure to comply with public record laws and to hold a timely administrative appeal hearing.

DOC has hired an independent auditor to review its processes. (*See separate story*)

Dismissed Complaint: A three-judge panel has dismissed one of four counts of allegedly violating canons of the Ohio Judicial Code of Conduct filed against Ohio Supreme Court Justice Patrick DeWine.

The count alleges that Justice DeWine asked Hamilton County Prosecutor Joe Deters, who had 48 cases pending before the court at the time the complaint was filed, to hire his son for an internship.

The remaining allegations involve Justice DeWine's father, Attorney General Mike DeWine. The complaint alleges Justice DeWine improperly failed to recuse himself from cases in which AG DeWine is named as a party and that he appears on his father's gubernatorial campaign web site.

Justice DeWine has denied all of the alleged charges.

New Trial: The nation's highest court has declined to order a new trial for a former state lawmaker.

The U.S. Supreme Court declined to grant the request of former Rep. Peter Beck for a new trial. The decision was issued without comment.

Mr. Beck in 2015 was found guilty of 13 charges and sentenced to serve four years in prison. However, a state appellate court in 2016 overturned 10 charges and Mr. Beck served just 16 months in prison.

Amicus Brief: The Buckeye Institute has filed an amicus brief with the Sixth Circuit Court of Appeals asking it to strike down a Tennessee law it says discriminates against outdoor advertisements and signs with ideological messages.

The group said the law, which is designed to be in compliance with the Highway Beautification Act of 1965, is a violation of the First Amendment.

"While we all enjoy a scenic drive and beautiful roadways, the First Amendment is even more precious to Americans and its protections must not be violated in the name of highway beautification," President and CEO Robert Alt said in a statement. "Restricting the placement of outdoor advertisements solely based on the sign's message is a clear infringement of free speech and must be overturned."

Crew Dispute: Major League Soccer and the Precourt Sport Ventures, owner of the Columbus Crew, have asked the Franklin County Court of Common Pleas to dismiss a lawsuit designed to prevent the team from moving to Texas.

In a motion to dismiss, the groups call the Art Modell law "blatantly unconstitutional."

"The statute violates the dormant Commerce Clause of the United States Constitution because it both discriminates against out-of-state residents and impermissibly interferes with the defendants' abilities to conduct their business in interstate commerce," the filing reads.

The law requires the owner of an Ohio professional sports team that plans to cease playing most of its home games in the state to provide six months' notice in order to give others an opportunity to purchase the franchise.

Disciplinary Cases: The Board of Professional Conduct on Friday announced that it has filed 10 disciplinary case reports with the high court.

Issue 1 Backers Tout Endorsements, Cordray Takes Credit For Wells Fargo Fine, Yuko Calls For Action On Guns...

The bipartisan Coalition for Redistricting Reform, the group backing Issue 1, on Friday announced a slew of endorsements for the ballot measure.

The endorsements include the Ohio AFL-CIO, the Ohio Chamber of Commerce, the Ohio Council of Churches, the Ohio Education Association, the Ohio Environmental Council, the Ohio Farm Bureau and the NAACP Ohio Chapter.

Campaign advisor Keary McCarthy in a statement said the endorsements "truly signal the bipartisan nature of fixing the way we draw our congressional districts in Ohio."

"Our state lawmakers stepped up to make this bipartisan fix to a very partisan problem a reality, and I'm thrilled to see these powerful groups across Ohio come aboard," he added.

Wells Fargo: Richard Cordray on Friday weighed in on the news that the Consumer Financial Protection Bureau fined Wells Fargo \$1 billion.

The bureau's former director in a statement sought to downplay the role that acting Director Mick Mulvaney played in issuing the fine.

"Mulvaney has brought no new enforcement actions since he has been at the CFPB," he said. "Investigations that take many months or even years, and that are just now being finalized, are due to the aggressive work my team did to bring predatory behavior to light. To suggest this is the work of Mulvaney, who has done nothing but throw sticks in the spokes of a talented, hard-working CFPB team of devoted public servants is preposterous."

Gun Legislation: Senate Minority Leader Kenny Yuko (D-Richmond Hts.) used the anniversary of the Columbine school shooting to call for legislation to reduce gun violence.

Sen. Yuko in a statement commended students who on Friday walked out of school to mark the 19th anniversary of the school shooting.

"Our young people have sent us a clear message: we need to act now to protect them. The Senate Democratic Caucus has introduced numerous common-sense proposals to address gun violence and help keep our kids safe. Many of these bills have yet to receive a hearing," he said.

"As a leader in the Ohio Senate, I know we have to do more to stop violence in our schools. Schools should be places where children worry about upcoming math tests, and not about active shooters."

Gun Rally: Three gun rights groups on Saturday will hold a "Patriot Day Rally" at the Statehouse.

The 11 a.m. event hosted by Ohioans for Concealed Carry, Ohio Carry and the Buckeye Firearms Association will feature historical information on the role of private gun ownership in the country's founding and immigrants who will talk about their experiences before and after coming to America, according to a release.

NFIB Endorsement: Rep. Larry Householder (R-Glenford), a speaker hopeful, has the backing of National Federation of Independent Business/Ohio in his reelection bid, the group announced Friday.

Roger Geiger in a statement said Rep. Householder "understands the issues important to Ohio entrepreneurs as demonstrated by his strong voting record with NFIB."

Sheehy Calls For Further Action On Ag Runoff; OEC Proposes Toxic Chemical Protections

Rep. Michael Sheehy (D-Oregon) criticized state leaders this week after a recent report showed more work is needed to curb the runoff of phosphorus and other nutrients into Ohio's waterways.

His remarks were centered on the Ohio Environmental Protection Agency's Nutrient Mass Balance Study. The report found "no clear decrease" in nutrient loading, especially from nonpoint sources like agricultural runoff. (See Gongwer Ohio Report, April 17, 2018)

Rep. Sheehy in a statement singled out farmers for their role in contributing to runoff that can fuel harmful algal blooms in Lake Erie.

"This new report shows that despite years of deceptive talking points from powerful industry representatives in Columbus, we know where all this excess phosphorus pollution has been coming from," Rep. Sheehy said.

"It's not complicated: if you are causing nearly 90% of a problem, you should participate in searching for a solution," he continued. "Instead, their lobbyists have prioritized fighting against policy solutions and even shifting the blame to urban centers that suffer the worst of these consequences."

The Ohio Farm Bureau previously said the report shows that agriculture must play a role in improving water quality. But a spokesman said new regulations aren't needed in the group's view.

Chemicals: The Ohio Environmental Council is requesting the U.S. Environmental Protection Agency crack down on toxic chemicals.

The request comes in the form of a petition for rulemaking filed by the council seeking new protections against carcinogen perfluorooctanoic acid and other substances that can be pumped into water and air by manufactures.

"These companies need to stop emitting these chemicals before extensively studying them, and our proposed rules would stop this dangerous practice," said Chris Tavenor, an OEC law fellow.

Copies of the request were also submitted to President Donald Trump, Gov. John Kasich, Ohio EPA Director Craig Butler, Attorney General Mike DeWine and members of Ohio's congressional delegation.

Ohio Lands \$26 Million In Federal Opioid Funding; Senators Applaud Disaster Request Approval.

For the second consecutive year, Ohio is poised to receive a \$26 million funding infusion to buoy efforts to combat the opioid epidemic.

The funding announced this week comes from the 21st Century CURES Act passed in 2016. It's part of \$485 million in grants to be divvied up among states this year. Ohio received a similar amount of dollars under the program last year during the first round of funding. (See Gongwer Ohio Report, April 20, 2017)

"This is good news for Ohio, and these new funds will help our efforts to combat the heroin and prescription drug epidemic gripping our state," U.S. Sen. Rob Portman (R-Terrace Park) said in a statement. "This is another positive step forward, but we must do more, and that's why I continue to push for common-sense solutions like the STOP Act and CARA 2.0 that will help us turn the tide of addiction in Ohio and around the country."

U.S. Sen. Sherrod Brown (D-Cleveland) likewise applauded word of the additional funding.

"For too long, Ohio communities have been desperate for the federal government to step up and provide the necessary resources to effectively combat the opioid epidemic," Sen. Brown said. "While we know there is more work to be done, this funding is a meaningful step forward for Ohio. It's important that the state work to get this funding out to local communities quickly as they continue to battle this epidemic."

The dollars are aimed at boosting evidence-based programs and are overseen by the U.S. Department of Health and Human Services.

Emergency: Sens. Brown and Portman also welcomed President Donald Trump's approval of Gov. John Kasich's request for disaster assistance following largescale flooding in February. (See Gongwer Ohio Report, April 17, 2018)

Sen. Brown said the declaration "will go a long way in helping reassure Ohio communities impacted by last month's devastating floods that they are not alone."

Sen. Portman said, "It will allow our affected communities to get much-needed federal assistance following this winter's terrible storms."

Wright-Patterson: Ohio delegates urged the Pentagon to pick the Dayton-area Air Force base to house the F-35 Hybrid Product Support Integrator Organization.

Wright-Patterson is "uniquely qualified" to handle that role, which could mean an additional 400 jobs, all of Ohio's senators and representatives wrote to Secretary of the Air Force Heather Wilson.

"Based on the criteria used during the strategic basing process, we believe WPAFB's workforce makes the base the logical location for HPSI," the lawmakers wrote. "The basing process specifically requires acquisition professionals who are Defense Acquisition Workforce Improvement Act certified with tactical fighter support experience, and WPAFB's workforce of engineers, programs managers, logistics managers, and contracting personnel would provide HPSI with an exceptional staff."

Chamber Of Commerce Endorses Issue 1; P&G, Key, More Report Financial Results, Toledo Businesswoman Added To SBAC

The Ohio Chamber of Commerce has thrown its support behind a ballot issue aimed at reforming the state's redistricting guidelines.

The group's board of directors earlier this week voted to support Issue 1.

"The Ohio Chamber has long recognized the need for sensible changes to the redistricting process and we are pleased to join the bipartisan coalition supporting State Issue 1," President & CEO Andrew E. Doehrel said in a statement. "Job creators know the value of a fair and competitive playing field in the marketplace, and State Issue 1 will bring this element of necessary, healthy competition to congressional campaigns, as well."

Mr. Doehrel said the group twice in the past 15 years opposed redistricting efforts that "did not represent a consensus approach."

Procter & Gamble: The Cincinnati-based company saw net sales of \$16.3 billion in the third quarter, up by 4% from the previous year.

Organic sales increased 1% for the quarter ended March 31, P&G reported. Diluted net earnings per share were \$0.95, an increase of 2%.

Operating cash flow was \$3.4 billion for the quarter, while adjusted free cash flow productivity was 95%, according to the company.

P&G returned \$3.2 billion to shareholders via \$1.8 billion of dividend payments and \$1.4 billion of common stock repurchase.

"We delivered modest top- and bottom-line growth in a challenging macro environment in the third quarter," Chairman, President and CEO David Taylor said in a statement. "We have large businesses in several difficult markets. The ecosystems in which we operate around the world are being disrupted and transformed. We will change at an even faster rate -- winning through superiority, cost and cash productivity and a strengthened organization and culture."

KeyCorp: The Cleveland-based company reported. \$402 million in net income, or \$0.38 per common share, in the first quarter.

The financial services company reported net income of \$296 million over the same period in the previous year.

"First quarter was a good start to the year, with continuing momentum in our core businesses, as we grew and expanded relationships with our targeted clients," Chairman and CEO Beth Mooney said in a statement. "Revenue increased over 3% from the same period last year, driven by a higher net interest income, solid loan growth and stronger fee income."

First Financial: The Cincinnati-based bank reported net income of \$30.5 million, or \$0.49 per diluted common share, in the first quarter.

First financial reported net income of \$24.8 million, or \$0.40 per diluted common share, in the previous quarter.

"We are extremely pleased with our strong first quarter performance, representing our 110th consecutive quarter of profitability and top-quartile level returns," Executive Chairman Claude Davis said in a statement. "We are also excited about our recent merger with MainSource which closed on April 1st. We welcome our new colleagues from MainSource and together look forward to building an even stronger company going forward."

SBAC: Lt. Gov. Mary Taylor has appointed Jennifer Zalecki to the Small Business Advisory Council.

Ms. Zalecki serves as president and CEO of Toledo-based Battery Wholesale. The company, which Ms. Zalecki's father founded in 1983, operates seven retail stores in the greater Toledo area.

"Jennifer has been an effective small business advocate through her service to the Toledo Regional Chamber of Commerce and has demonstrated her high business acumen through the success of her own company," Lt. Gov. Taylor said.

Governor's Appointments

Ohio Thoroughbred Race Fund Advisory Council: Kimpton E. Williams of Waynesville for a term beginning April 20, 2018, and ending January 31, 2021.

State Board of Emergency Medical, Fire, and Transportation Services: Capt. Kevin T. Uhl of Sycamore Township for a term beginning April 20, 2018, and ending November 12, 2019.

Public Benefits Advisory Board: Dasmine Wright of Columbus for a term beginning April 20, 2018, and ending June 30, 2018.

Supplemental Agency Calendar

Monday, April 23

Human Trafficking Commission, 18th Fl., 150 E. Gay St., Columbus, 2 p.m.

Friday, April 27

Accountancy Board, 77 S. High St., Conference Room West B & C, 31st Floor, Columbus, 10 a.m.

17 S. High St., Suite 630

Columbus Ohio 43215

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Scott Miller, President | Kent Cahlander, Editor | Mike Livingston, Dustin Ensinger, Jon Reed,
Tom Gallick, Staff Writers

Click the  after a bill number to create a saved search and email alert for that bill.

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Event Planner

Saturday, April 21

YMCA Youth & Government High School State Assembly 2, Statehouse, Columbus

Tuesday, April 24

OAHU Annual Day at the Statehouse, Sheraton Columbus Hotel at Capitol Square, 75 East State Street, Columbus

Rep. Andy Brenner (R-Powell) fundraiser, Athletic Club of Columbus - Parlor A/B, 136 E. Broad Street, Columbus, 11:30 a.m., (Sponsor: \$1,000 | Host: \$500 | Guest: \$350 to Brenner for Ohio)

Sen. Matt Huffman (R-Lima) & Sen. John Eklund (R-Chardon) fundraiser, Pins, 141 N. 4th Street, Columbus, 5 p.m., (Sponsor: \$1,000 | Host: \$500 | Guest: \$350 to Matt Huffman for Ohio and/or Friends of John Eklund)

House Speaker Cliff Rosenberger (R-Clarksville) fundraiser, Club 185, 185 E. Livingston Ave., Columbus, 5 p.m., (Chair: \$3,700; Sponsor: \$1,370 to Committee to Elect Cliff Rosenberger)

Ohio Chemistry Technology Council's 30th Annual Legislative Reception, Renaissance Columbus Downtown Hotel, 50 North Third Street, Columbus, 5:30 p.m.

Ohio Aggregates and Industrial Minerals Association 20th Annual Legislative Reception, Statehouse Atrium, Columbus, 5:30 p.m.

Wednesday, April 25

American Heart Association/American Stroke Association Advocacy Day, Riffe Center, 77 S. High St., Davidson Theatre, Columbus

Sen. Bill Beagle (R-Tipp City) and Sen. Peggy Lehner (R-Kettering) fundraiser, Pins, 141 N. 4th Street, Columbus, 5 p.m., (Sponsor: \$1,000 | Host: \$500 | Guest: \$350 to Citizens for Bill Beagle and/or Citizens for Lehner)

Sen. Scott Oelslager (R-N. Canton) & Sen. Frank Hoagland (R-Adena) fundraiser, Athletic Club of Columbus - 136 E. Broad Street, Columbus, 5 p.m., (Checks to Oelslager for Ohio Committee and/or Hoagland for Ohio)

Rep. Jim Hughes (R-Columbus) fundraiser, Valters at the Mannerchor, 976 S. High St., Columbus, 5:30 p.m., (Host: \$1,000, Sponsor: \$500; Patron: \$250, Individual: \$75 to Committee for Jim Hughes)

Thursday, April 26

Deadline to file pre-primary campaign finance reports

Rep. Glenn Holmes (D-McDonald) fundraiser, Vernon's Italian Ristorante, 720 Youngstown-Warren Road, Niles, 5 p.m., (Event Sponsor \$1500, Supporter \$1000,

Friend \$500, Table Sponsor \$300, Individual \$60 to Committee to Elect Glenn Holmes)

Rep. Nathan Manning (R-N. Ridgeville) fundraiser, Berry's Restaurant, 15 W. Main Street, Norwalk, 5 p.m., (Sponsor: \$250 to Nathan Manning for Ohio)

Rep. Anne Gonzales (R-Westerville) fundraiser, Aloft Columbus Westerville, 32 Heatherdown Drive, Westerville, 5:30 p.m., (Sponsor: \$1,000 | Host: \$500 | Guest: \$250 to Citizens for Anne Gonzales)

Rep. Hearcel Craig (D-Columbus) fundraiser, The Lincoln Caf^e, 740 E. Long St., Columbus, 5:30 p.m., (\$250, \$100, \$50, \$25 to Friends of Hearcel F. Craig)

Tuesday, May 1

Lobbyists/Employers can begin filing January-April 2018 Activity & Expenditure Reports

Wednesday, May 2

Pro-life Legislative Day

Thursday, May 3

Rep. Kristina Roegner (R-Hudson) fundraiser, Portage Country Club, 240 N. Portage Path, Akron, 5:30 p.m., (Chair: \$5,000 | Sponsor: \$2,500 | Host: \$1,000 | Guest: \$250 to Kristina Daley Roegner for Ohio)

Tuesday, May 8

Primary election day

Thursday, May 10

YMCA Youth & Government Model United Nations, Statehouse, Columbus

Friday, May 11

YMCA Youth & Government Model United Nations, Statehouse, Columbus

Saturday, May 12

YMCA Youth & Government Model United Nations, Statehouse, Columbus

Tuesday, May 15

Deadline for most public officials and employees to file personal financial disclosure statements.

Ohio Association of Health Plans Annual Legislative Reception, Statehouse Rotunda, Columbus, 5 p.m., (Please RSVP to Stacy Bewley at sbewley@oahp.org or for any questions call (614) 228-4662.)

Rep. John Rogers (D-Mentor-on-the-Lake) & Rep. John Patterson (D-Jefferson) fundraiser, Club 185, 185 E. Livingston Ave., Columbus, 5:30 p.m., (Sponsor Levels: Sponsor \$1,000, Host \$500, Friend \$350 to Friends of Rogers and Committee to Elect John Patterson. RSVP with Jenna Gravalis at 551-429-9895 or jgravalis@ohiodems.org)

Wednesday, May 16

Ohio Auctioneers Association legislative day
Rep. Michele Lepore-Hagan (D-Youngstown) fundraiser, Einstein Bros. Bagels, 41 S. High Street, Columbus, 8 a.m., (Sponsor \$1,000, Host \$500, Friend \$350 to Michele Lepore-Hagan for State Representative)
2018 Arts Day & Governor's Awards for the Arts in Ohio Luncheon, The Columbus Athenaeum, 32 North Fourth Street, Columbus, 12 p.m.

Tuesday, May 22

Ohio Cable Telecommunications Association Legislative Reception & Technology Demo, 77 S. High St., Capitol Theater Lobby, Columbus, 5 p.m.
Rep. David Leland (D-Columbus) fundraiser, Market 65, 65 East State Street, Columbus, 5:30 p.m., (Guest - \$250; Host - \$500; Sponsor - \$1,000; Gold Sponsor- \$2,500 to Friends of David Leland)

Wednesday, May 23

Rep. Kent Smith (D-Euclid) fundraiser, Einstein Bros. Bagels, 41 S. High Street, Columbus, 8 a.m., (Sponsor \$1,000, Host \$500, Friend \$350 to Kent Smith Committee)
Rep. John Becker (R-Union Township) fundraiser, Ringside, 19 N. Pearl St., Columbus, 11:30 a.m., (Host: \$1000; Sponsor:\$500; Host:\$350 to Friends of Becker)
Rep. Doug Green (R-Mt. Orab) fundraiser, OHROC , 21 W Broad St. 7th Floor, Columbus, 4:30 p.m., (Host: \$1000; Sponsor: \$500; Host: \$350 to Committee to Elect Doug Green)

Thursday, May 24

Rep. Rick Perales (R-Beavercreek) golf outing fundraiser

Thursday, May 31

JLEC Deadline for filing January-April 2018 Activity & Expenditure Reports

Friday, June 1

Sen. Gayle Manning (R-N. Ridgeville) & Rep. Nathan Manning (R-N. Ridgeville) golf outing fundraiser, Bob-O-Link Golf Course, 4141 Center Road (Rt. 83), Avon, 9:30 a.m., (9:30am Registration | 10:30am Shotgun Start | 3:30pm Appetizers and Awards; , Avon, Ohio 44011 Eagle Sponsor: \$1,500 | Birdie Sponsor: \$750 |

Foursome: \$400 | Hole Sponsor: \$200 | Individual Golfer: \$125 to Committee to Elect Gayle Manning and/or Nathan Manning for Ohio)

Monday, June 4

Sen. Bob Peterson (R-Sabina) golf outing fundraiser, Crown Hill Golf Club, 9500 U.S. 22, Williamsport, 12 p.m., (12:00pm Lunch | 12:30pm Shotgun Start | 5:00pm Dinner. Tournament Sponsor \$2,000 | Eagle Sponsor: \$1,000 | Birdie Sponsor: \$500 | Hole Sponsor: \$200 | Individual Golfer: \$100 | Dinner Only: \$50 to Peterson for Good Government)

Friday, June 8

House Speaker Cliff Rosenberger (R-Clarksville) golf outing fundraiser

Monday, June 11

Rep. Scott Ryan (R-Newark) golf outing fundraiser
Ohio's 2018 Opiate Conference: Strengthening Ohio's Communities, Hyatt Regency, 350 N. High St., Columbus

Tuesday, June 12

Ohio's 2018 Opiate Conference: Strengthening Ohio's Communities, Hyatt Regency, 350 N. High St., Columbus

Friday, June 15

Deadline to file post-primary campaign finance reports

Monday, June 18

Sen. President Larry Obhof (R-Medina) golf outing fundraiser

Monday, June 25

Rep. Brian Hill (R-Zanesville) golf outing fundraiser
Ohio Cable Telecommunications Association Golf Outing, The Lakes, 6740 Worthington Rd., Westerville

Monday, July 16

Rep. Bill Reineke (R-Tiffin) golf outing fundraiser

Thursday, July 19

Sen. Matt Dolan (R-Chagrin Falls) Batter Up fundraiser

Friday, July 20

Rep. Tom Patton (R-Strongsville) golf outing fundraiser

Sunday, July 22

YMCA Youth & Government Leaders Training School, Statehouse, Columbus

Monday, July 23

YMCA Youth & Government Leaders Training School, Statehouse, Columbus

Tuesday, July 24

YMCA Youth & Government Leaders Training School, Statehouse, Columbus

Wednesday, July 25

YMCA Youth & Government Leaders Training School, Statehouse, Columbus
Sen. Rob McColley (R-Napoleon) golf outing fundraiser

Thursday, July 26

Rep. Craig Riedel (R-Defiance) golf outing fundraiser
YMCA Youth & Government Leaders Training School, Statehouse, Columbus

Friday, July 27

YMCA Youth & Government Leaders Training School, Statehouse, Columbus

Tuesday, July 31

Deadline to file semi-annual campaign finance reports

Friday, August 3

Deadline for statewide candidates to file July campaign finance reports

Tuesday, August 7

Special election for 12th Congressional District seat

Thursday, August 16

Sen. Bob Hackett (R-London) golf outing fundraiser

Monday, August 20

Rep. Laura Lanese (R-Grove City) golf outing fundraiser

Thursday, August 23

Hamilton County GOP State Legislative golf outing fundraiser

Saturday, September 1

Lobbyists/Employers can begin filing May-August 2018 Activity & Expenditure Reports

Thursday, September 6

Deadline for statewide candidates to file August campaign finance reports

Monday, October 1

JLEC Deadline for filing May-August 2018 Activity & Expenditure Report

Wednesday, October 3

Deadline for statewide candidates to file September campaign finance reports

Thursday, October 25

Deadline to file pre-general campaign finance reports

Tuesday, November 6

General election day

Saturday, December 1

Lobbyists can begin renewing Legislative, Executive and Retirement System registrations for 2019

Friday, December 14

Deadline to file post-general campaign finance reports

Monday, December 31

All 2018 Legislative, Executive and Retirement System lobbying registrations expire in OLAC

Thursday, January 31

Deadline to 2018 annual campaign finance reports

Deadline to 2018 annual campaign finance reports

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From: Brian Hicks
Sent: Tuesday, May 1, 2018 5:27 AM
To: Derksen, Nick
Subject: Hicks Partners Newsletter



PUBLIC RELATIONS BUSINESS DEVELOPMENT GOVERNMENT AFFAIRS

May 1, 2018

Countdown to Ohio's Primary Election =

One week from today, Ohio voters will determine which candidates will face off in the race for Governor, U.S. Senate and a host of federal and state offices. As the primary election nears, the marquee races have clearly tightened. A recent poll shows Mike DeWine leading Mary Taylor by 43-26% in the GOP gubernatorial race, while Richard Cordray holds a 27.5-13% edge over his nearest rival, Dennis Kucinich. While upsets can occur, if the polls hold true, DeWine and Cordray will face off in the fall, giving Ohio voters a rematch of their 2010 race for Attorney General, which DeWine won. In the GOP Senate primary, Congressman Jim Renacci, who scored a resounding endorsement from President Trump last week, is leading a multi-candidate field with 21% to take on Senator Sherrod Brown in the general election.



Other key races to watch will be contested primaries for the 12th and 16th Congressional Districts, respectively vacated by Pat Tiberi and currently held by Rep. Renacci. There are several contested primaries for the Ohio House of Representatives that could have an impact on who will be the next Speaker of the Ohio House.

INSIGHT

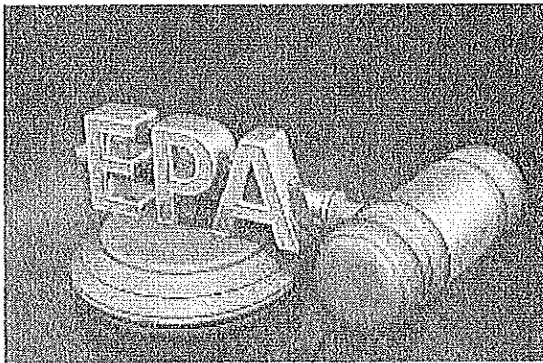
The first order of business for the winning candidates for governor will be to unite their respective parties. The DeWine-Taylor race has been especially hard hitting and personal, while the Democratic primary has shown deep ideological divisions in the party. Both gubernatorial nominees will have their work cut out for them to present a unified front for the fall campaign.

Ohio Tax Expenditure Review Committee

As previously reported within *Insider*, the Ohio Tax Expenditure Review Committee awoke last month, holding its first two hearings in months. A report released by the Buckeye Institute highlighting \$1.8 billion in annual tax loopholes drew widespread attention before the first hearing. However, testimony presented on April 11 primarily focused on tax exemptions for the manufacture and packaging of tangible personal property—something not included in the Institute's report. Industry interests bemoaned the possibility that Ohio would cease to be competitive in an

environment where most other states have similar exemptions. The April 25 hearing focused on energy and commercial food tax incentives. The next hearing is scheduled for May 9.

EPA Omnibus Bill



The Ohio legislature is gearing up to consider a series of environmental reforms. At the request of the Ohio Environmental Protection Agency the yet-to-be-introduced omnibus bill is expected to contain major changes to Ohio's state watersheds protection efforts, air permitting process, increased penalties for odor nuisances, and redefining "open dumping" among many other items to be included.

INSIGHT

With relatively few legislative sessions days scheduled in the coming months, it is unlikely that the EPA reform bill will be passed soon. However, introduction of such a comprehensive measure signals growing desire of Governor Kasich's EPA to enact reforms before they leave office.

Third Frontier Opioid RFP

Ohio's Third Frontier Program is actively seeking proposals for its Opioid Abuse, Prevention, and Treatment Technology initiative. The aim of the initiative is to accelerate the development and commercialization of promising new products that meaningfully address one or more issues associated with the drug crisis driven by use, misuse, abuse and the addictive potential of opioids. Details and more information can be found [here](#).

Opportunity Zone Update



Ohio is one of 20 states to have selected qualified sites for the new opportunity zone subsidy passed within last year's Tax Cuts and Jobs Act. The U.S. Treasury recently approved 320 zones in Ohio and has delegated implementation authority to the IRS. Opportunity zones will provide significant tax incentives for up to 10 years for investments made within them, so businesses stand to gain as much as the local communities themselves. To prepare for future investments, companies can view an interactive map of Ohio's selected zones [here](#).

About Us

Hicks Partners, LLC is a multidisciplinary business consulting firm providing public relations, government affairs, and business development services in Columbus, Ohio and Washington, DC. We deliver powerful results for clients seeking to enhance their image, impact policy decisions and grow their bottom line.

Contact us at Info@HicksPartners.com or at (614)-221-2800.

www.HicksPartners.com



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21 E State Street., Suite 2200 Columbus, OH 43215 | 1440 G Street NW Washington, DC 20005

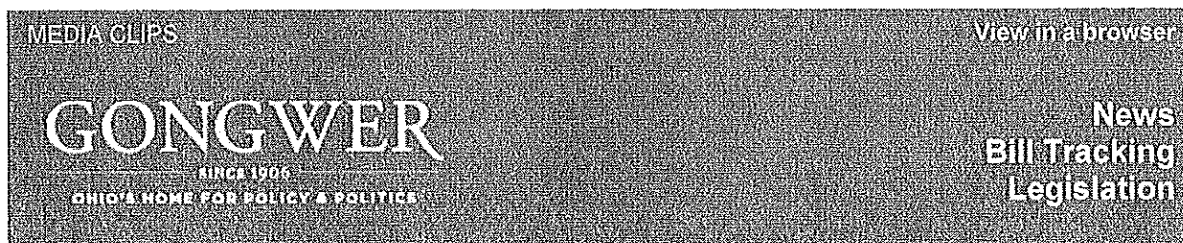
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From: Gongwer News Service
Sent: Wednesday, May 2, 2018 5:28 AM
To: Derksen, Nick
Subject: Ohio Media Clips, Wednesday, May 2



NEWS

Officials find flaw with medical marijuana grower scoring (Associated Press, 5/2/2018)

Ohio governor to announce chronic pain prescriber standards (Associated Press, 5/2/2018)

Ohio's top court to hear arguments on promotions tax dispute (Associated Press, 5/2/2018)

Here are all 403 personalized license plates Ohio rejected in the past year (Cincinnati Enquirer, 5/2/2018)

Who's who in the 'toss-up' race for Congress (Cincinnati Enquirer, 5/2/2018)

As Richard Cordray campaigns for Ohio governor, the federal agency he headed is in trial in Cleveland (Cleveland Plain Dealer, 5/2/2018)

Conservative Buckeye Institute says bail reform in Ohio would save money (Cleveland Plain Dealer, 5/2/2018)

Dennis Kucinich says the bulk of his consulting fees came from anti-G.M.O. group (Cleveland Plain Dealer, 5/2/2018)

Kane launches second ad of GOP primary for Tiberi's old seat (Columbus Dispatch, 5/2/2018)

Kucinich: I got \$122,000 as consultant for sustainable food group (Columbus Dispatch, 5/2/2018)

Mike DeWine stresses conservative credentials in new TV ad (Columbus Dispatch, 5/2/2018)

Ohio asks feds for OK to impose Medicaid work requirements (Columbus Dispatch, 5/2/2018)

Trump accuser getting donations from across US for Ohio race (Columbus Dispatch, 5/2/2018)

Trump accuser getting donations from across US for Ohio race (Columbus Dispatch, 5/2/2018)

Ohio may ban free international travel for lawmakers (Dayton Daily News, 5/2/2018)

Report: Bail reforms could save Ohio taxpayers \$67 million a year (Dayton Daily News, 5/2/2018)

Sexual assault legal loophole prevents victim military transfers, lawmaker says (Dayton Daily News, 5/2/2018)

Algal blooms harder to control because of climate change, other factors, data shows (Toledo Blade, 5/2/2018)

Commissioners, state representative advocate for regulation of payday loans (Toledo Blade, 5/2/2018)

Groups explore extent of ECOT 'hush money' (Toledo Blade, 5/2/2018)

EDITORIALS

Beacon Journal/Ohio.com editorial board: Being mean to the poor in public housing (Akron Beacon Journal, 5/2/2018)

Dimitri McDaniel in the Democratic primary for Ohio House 12: endorsement editorial (Cleveland Plain Dealer, 5/2/2018)

Rick Raley in the Democratic primary for Ohio House 14: endorsement editorial (Cleveland Plain Dealer, 5/2/2018)

Editorial: Clarify regulations to finally banish ECOT demons (Columbus Dispatch, 5/2/2018)

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From: Westlake, Libby
Sent: Wednesday, May 2, 2018 5:54 AM
To: Westlake, Libby
Subject: E-Clips for 5/2/2018

HOUSE E-CLIPS

5/2/2018



OHIO'S TOP COURT TO HEAR ARGUMENTS ON PROMOTIONS TAX DISPUTE

The Ohio Supreme Court has set a date for arguments in a dispute over promotions offered by the Cincinnati Reds to ticket buyers including bobbleheads and other items.

OHIO GOVERNOR TO ANNOUNCE CHRONIC PAIN PRESCRIBER STANDARDS

Ohio Gov. John Kasich is preparing to announce new standards to help people suffering from chronic pain get proper treatment from prescribers to avoid addiction.



KUCINICH SAYS HE GOT \$120K AS CONSULTANT FOR SUSTAINABLE FOOD GROUP

Democratic gubernatorial candidate Dennis Kucinich received \$122,000 in consulting fees in 2016 from a group that works for food sustainability and safety, his campaign said Tuesday.

TRUMP ACCUSER GETTING DONATIONS FROM ACROSS US FOR OHIO RACE

The national exposure that has come with her accusations of sexual harassment against President Donald Trump has translated into an unprecedented number of individual campaign contributors for Rachel Crooks' Ohio House campaign.

MIKE DEWINE STRESSES CONSERVATIVE CREDENTIALS IN NEW TV AD

With a week until Election Day, the Republican gubernatorial campaign of Mike DeWine is airing a new TV commercial that it hopes underlines his conservative credentials — and support of President Donald Trump.

SPENDING FOR TV ADS COULD BE TROUBLE FOR ECOT IN UPCOMING AUDIT

The first report regarding ECOT's operations following allegations from an insider that the school used new tracking software to manipulate attendance data will come from the state auditor.

REPORT: BAIL REFORMS COULD SAVE OHIO TAXPAYERS \$67 MILLION A YEAR

A new report from the Buckeye Institute says Ohio could save \$67 million a year in jail costs by changing the bail system used by courts.

OHIO MAY BAN FREE INTERNATIONAL TRAVEL FOR LAWMAKERS

In the wake of Republican Cliff Rosenberger's abrupt resignation as Ohio House speaker, state Rep. Niraj Antani is proposing reforms to state ethics laws when it comes to gifts, meals and travel for legislators.

MAY ELECTION: BIG MONEY SPENT IN MIAMI/DARKE COUNTY STATE HOUSE RACE

Nearly a quarter of a million dollars has been spent on the Republican primary in Ohio's 80th state House district making it one of the most expensive statehouse primary in the region.

THE PLAIN DEALER

AS RICHARD CORDRAY CAMPAIGNS FOR OHIO GOVERNOR, THE FEDERAL AGENCY HE HEADED IS IN TRIAL IN CLEVELAND

A trial that began in U.S. District Court in Cleveland on Tuesday pits the federal agency Ohio Democratic gubernatorial candidate Richard Cordray once led against a law firm the agency accuses of conducting deceptive debt collection practices.

DENNIS KUCINICH SAYS THE BULK OF HIS CONSULTING FEES CAME FROM ANTI-G.M.O. GROUP

Former U.S. Rep. Dennis Kucinich's gubernatorial campaign released more details Tuesday about the roughly \$120,000 he received from consulting.

RICK RALEY IN THE DEMOCRATIC PRIMARY FOR OHIO HOUSE 14:

ENDORSEMENT EDITORIAL

State Rep. Martin J. Sweeney is moving on from his 14th Ohio House District to run for the Ohio Senate, leaving the House seat wide open for four Democrats eager to succeed him -- including his 25-year-old daughter, Bride Rose Sweeney.

DIMITRI MCDANIEL IN THE DEMOCRATIC PRIMARY FOR OHIO HOUSE 12:

ENDORSEMENT EDITORIAL

Several strong Democratic primary candidates are seeking to replace term-limited state Rep. John Barnes Jr. in the 12th Ohio House District, which reaches from a slice of southeast Cleveland to Bedford, Bedford Heights, Highland Hills, Maple Heights, Mayfield Heights, North Randall, Orange, Pepper Pike and Warrensville Heights.

THE BLADE

One of America's Great Newspapers

ASHFORD, FEDOR SQUARE OFF IN PRIMARY FOR OHIO SENATE SEAT

Imagine that: A hotly contested race without mudslinging.

From: Thomas, AJ
Sent: Friday, May 11, 2018 8:50 AM
To: Thomas, AJ
Subject: Deconstructing the Administrative State Luncheon
Attachments: Deconstructing Admin State Lunch Invite.pdf

Hello! Had enough of bureaucracy? Tired of all the red tape? Concerned about rogue agencies seemingly operating impervious to oversight? I am, too!

A wise man once said, "There is no such thing as a free lunch," but he was wrong!

On Wednesday May 23rd there will be a panel discussion of HB580 featuring the American Principles Project's Erin Tuttle, Greg Lawson of The Buckeye Institute, and Micah Derry of Americans for Prosperity. It will be moderated by Representative Andy Thompson. There will also be a free lunch provided by the parties in question.

House Bill 580, adds oversight and transparency to Ohio executive agencies' applications for federal grants, in an effort to control the rise of the administrative state. The discussion will include how the bureaucracy of our federal and state governments has grown over time, and how this administrative growth has specifically hurt the State of Ohio through federal grants and mandates. We will discuss how HB580 will help address the problem we have with a rising administrative state, and institute oversight via the executive branch.

WHERE: 31st Fl. North Room

WHEN: Wednesday May 23rd from 11:00-12:15

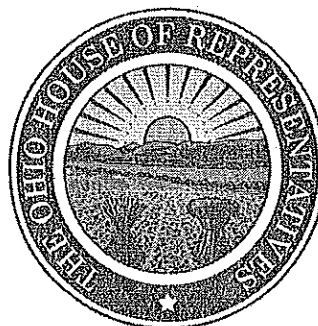
WHO: All Members and Staff are invited

Please RSVP to AJ Thomas (AJ.Thomas@ohiohouse.gov) by Friday May 18th so we may have a count for lunch.

We hope to see you there!

Andrew M. Thompson

Andy Thompson
State Representative
House District 95



Subj: Deconstructing the Administrative State Panel Discussion and Luncheon

Hello! Had enough of bureaucracy? Tired of all the red tape? Concerned about rogue agencies seemingly operating impervious to oversight? I am, too!

A wise man once said, "There is no such thing as a free lunch," but he was wrong!

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WHERE: 31st Fl. North Room

WHEN: Wednesday May 23rd from 11:00-12:15

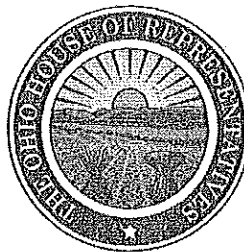
WHO: All Members and Staff are invited

Please RSVP to AJ Thomas (AJ.Thomas@ohiohouse.gov) by Friday May 18th so we may have a count for lunch.

We hope to see you there!

Andrew M. Thompson

Andy Thompson
State Representative
House District 95



THE BUCKEYE INSTITUTE



AMERICANS FOR PROSPERITY

From: Thomas, AJ
Sent: Tuesday, May 15, 2018 6:34 AM
To: Thomas, AJ
Subject: RE: Deconstructing the Administrative State Luncheon

Make sure to respond by **this Friday 5/18** for a free lunch! See below:

From: Thomas, AJ
Sent: Friday, May 11, 2018 11:50 AM
To: Thomas, AJ <AJ.Thomas@ohiohouse.gov>
Subject: Deconstructing the Administrative State Luncheon

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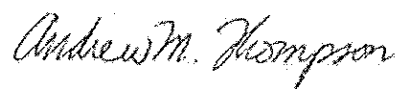
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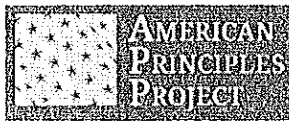
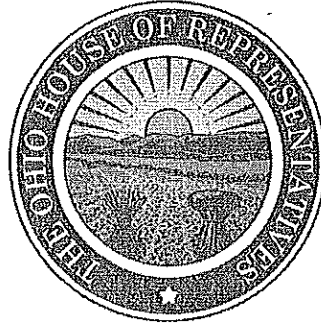
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Andy Thompson

State Representative
House District 95



THE BUCKEYE INSTITUTE



AMERICANS FOR
PROSPERITY

From: Thomas, AJ
Sent: Friday, May 18, 2018 9:32 AM
To: Thomas, AJ
Subject: FW: Deconstructing the Administrative State Luncheon

Final chance! Don't miss out on lunch and a great opportunity to see what we are doing to control the rise of the administrative state. Thanks!

AJ THOMAS
Legislative Aide
State Representative Andy Thompson | Ohio's 95th House District
Ohio House of Representatives
77 South High Street, 11th Floor
Columbus, Ohio 43215
Office number: (614) 644-8728
AJ.Thomas@ohiohouse.gov

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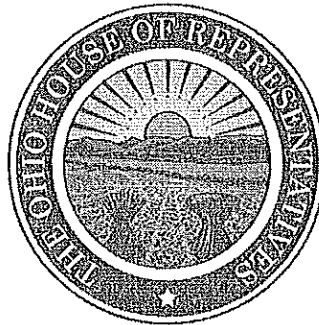
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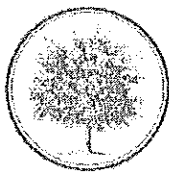
THE BUCKEYE INSTITUTE



AMERICANS FOR PROSPERITY

From: The Buckeye Institute
Sent: Tuesday, May 22, 2018 7:49 AM
To: Derksen, Nick
Subject: The Buckeye Institute Calls on Policymakers to Protect the "Brilliance of America's Constitution": Federalism

Follow Up Flag: Follow up
Flag Status: Completed



THE BUCKEYE INSTITUTE

Contact: Lisa Gates, Vice President of Comms

FOR IMMEDIATE RELEASE

May 22, 2018

(614) 224-3255 or Lisa@BuckeyeInstitute.org

The Buckeye Institute Calls on Policymakers to Protect the "Brilliance of America's Constitution": Federalism

*Daniel J. Dew Testifies Before the Ohio Senate
Local Government, Public Safety, and Veterans Affairs Committee*

Columbus, OH -- The Buckeye Institute's Daniel J. Dew testified today (see full text below or [download a PDF](#)) before the Ohio Senate Local Government, Public Safety, and Veterans Affairs Committee on Senate Concurrent Resolution 23 and the importance of constitutional federalism.

"The significance of federalism and the separation of powers between the federal and state governments can hardly be overstated," Dew said in opening his testimony where he outlined three points for members of the committee to consider: the importance of federalism, the erosion of federalism, and the future of federalism.

The importance of federalism, Dew testified, was expressed by "Justice Anthony Kennedy [who] once wrote that 'Federalism was our Nation's own discovery...It was the genius of

their [the Framers] idea that our citizens would have two political capacities, one state and one federal, each protected from incursion by the other." Dew went on to say "Federalism is that unique system of sovereignty and power that protects the people of one state from the dictated policy preferences of another."

Recognizing that American federalism has been eroded, Dew highlighted the case of Montgomery County farmer, Roscoe Filburn, who lost his 1942 case against the federal government, which had charged Mr. Filburn with violating the federal quota limiting the amount of wheat that farmers could legally grow. In its ruling against Mr. Filburn, the Supreme Court looked to the Commerce Clause, which as Dew said, "Has not been the only lever that Congress has pulled to further shrink the sphere of the several states." Congress and the federal government, also offer "vast sums of federal money in exchange for states doing what Congress is not otherwise authorized to do," as they did with the "once-popular but now widely-criticized Crime Bill of 1996," where they offered states money if they would increase prison sentences for those convicted under state law. And, as Dew points out, "Many states obediently rewrote their criminal statutes in order to take Uncle Sam's cash."

Dew closed his testimony by pointing out that there is hope for federalism and, "It affords opportunities for states to assert their prerogatives once again." To do that Dew says, "State attorneys general must...defend state sovereignty against federal action in court," state legislatures must close loopholes that allow greater federal government incursion, and legislatures must "actively resist the temptation to take federal dollars that Congress offers to entice Ohio to do its bidding."

###

**Interested Party Testimony Before the Ohio Senate
Local Government, Public Safety, and Veterans Affairs Committee**

**Daniel J. Dew, Legal Fellow
The Buckeye Institute
May 22, 2018**

Chair Uecker, Vice Chair Wilson, Ranking Member Thomas, and members of the Committee, thank you for the opportunity to testify today regarding Senate Concurrent Resolution 23 and the importance of constitutional federalism.

My name is Daniel J. Dew, and I am the legal fellow at The Buckeye Institute's Legal Center, an independent research and educational institution -- a think tank -- whose mission is to advance free-market public policy in the states.

The significance of federalism and the separation of powers between the federal and state governments can hardly be overstated. And although we as lawyers and members of the General Assembly are undoubtedly familiar with this founding principle of our great republic, it remains useful to remind ourselves of that principle, how and for what purpose it functions, and what role it might play in our political future. To that end, I offer the following three points for your consideration: the importance of federalism; the erosion of federalism; and the future of federalism.

The Importance of Federalism

The undisputed brilliance of America's founding and Constitution lies in federalism. Justice Anthony Kennedy once wrote that "Federalism was our Nation's own discovery. The Framers split the atom of sovereignty. It was the genius of their idea that our citizens would have two political capacities, one state and one federal, each protected from incursion by the other." Justice Kennedy reminds us that the greatest check on federal power under the Constitution was not the separation of power divided among three co-equal branches, but the division of power between the sovereign states and the sovereign United States.

To implement this balance of separated power, the Constitution established several structural safeguards to protect against political "incursions." State sovereignty was protected first by the express, but limited delegation of specific powers that the Constitution granted to the national government. Many of the Framers considered these enumerated federal powers to be the extent of national authority, but others worried that without additional explicit protections, the national government would expand beyond its delegated sphere.

In opposing the need for a bill of rights, for example, Alexander Hamilton argued in Federalist 84:

"I go further, and affirm that bills of rights...are not only unnecessary in the proposed constitution, but would even be dangerous. They would contain various exceptions to powers which are not granted; and on this very account, would afford a colourable pretext to claim more than were granted. For why declare that things shall not be done which there is no power to do?"

To sharpen his point, Hamilton went on to ask: "Why for instance, should it be said, that the liberty of the press shall not be restrained, when no power is given by which restrictions may be imposed?"

Notwithstanding Hamilton's rhetorical question, the Bill of Rights was soon ratified, and with it a second constitutional safeguard for federalism and state sovereignty. James Madison, the architect of the constitutional structure, initially resisted a bill of rights, believing like Hamilton that such express protections were unnecessary given the few and defined federal powers. But Madison later authored the Constitution's 10th Amendment, which expressly reserves to the people and the several states any powers not delegated to the federal government.

One final structural safeguard for state authority was the Constitution's initial requirement that U.S. Senators be elected by state legislatures. This provision -- later nullified in 1913 by the Seventeenth Amendment -- gave states a more direct representation in the national Congress, essentially giving states a veto power over any legislation that infringed on state prerogatives or sovereignty.

The animating principle behind each of these safeguards, of course, was the Framers' understanding that local governments are best suited to govern *local* matters, and that you, as Ohio's legislature, would know better than Congress or the President how to solve the problems and concerns of Ohio and your constituents. Federalist 17 went so far as to call any attempt by the national government to involve itself in local matters "troublesome."

We see the wisdom of this concern manifest in our own political climate today. We see fundamental differences of opinion from state to state on the proper role, scope, and interests of government -- whether state or federal. Californians, for example, do not want Oklahomans or Alabamans dictating policy for California -- and the feeling is almost certainly mutual -- just as we would never want that "state up north" dictating policy for the great state of Ohio.

Federalism is that unique system of sovereignty and power that protects the people of one state from the dictated policy preferences of another. It allows those governments closest to the people to determine the policies that impact daily life -- at least that's how it was designed.

The Erosion of Federalism

The structural safeguards protecting state and federal power against what Justice Kennedy called the "incursions of the other," have unfortunately eroded. The 17th Amendment in

1913 that called for the direct, popular election of U.S. Senators dealt a significant blow to the original constitutional bulwark. After 1913, the several states no longer had direct representation in Congress, as their Senators were no longer elected by their legislatures. The Amendment's effect was tempered for several years, despite the agenda of the early Progressive movement to expand federal authority, because the Supreme Court took a relatively narrow view of national powers in those days. That view, however, would evolve.

In the late 1930s and early 40s, under tremendous pressure from President Roosevelt, the Supreme Court began taking a broader perspective of the scope of federal power. In so doing, the Court radically redrew the lines between "local" and "national" interests, and shifted the delicate balance of power and sovereignty in Washington's favor.

Perhaps the Court's most infamous decision on federalism, *Wickard v. Filburn*, started just outside Dayton, Ohio. At issue was the federal quota limiting the amount of wheat that farmers could legally grow. Montgomery County farmer, Roscoe Filburn, grew his quota, but also grew some extra wheat for his family's own consumption. Federal authorities charged Mr. Filburn with violating the federal quota, and Filburn challenged Congress's authority to regulate the size of his personal crop -- he had no intention, after all, to sell his personal family portion across state lines. Thus, argued the farmer, he was not engaged in interstate commerce and therefore was beyond federal reach. In its 1942 decision, the Supreme Court disagreed.

The *Wickard* Court held that Mr. Filburn's personal wheat consumption could be aggregated with other farmers who might also plant their own wheat, and that, when aggregated, these personal portions could impact the national wheat market. Such a potential impact, said the Court, brought Mr. Filburn's private wheat stock within Congress's authority under Article I, Section 8 to "regulate commerce with foreign nations, and among the several states."

Since then, the country's balance of sovereignty has never been the same, as virtually any facet of local, daily life -- once aggregated -- could be construed to have a national impact. In fact, it would be more than 50 years after Mr. Filburn's case before the Supreme Court would find a federal law exceeding the outer limits of Congress's authority to regulate interstate commerce.

The effect of such a shift in the balance of power was summarized more recently by Justice Clarence Thomas, who wrote:

"There is a danger to concentrating too much, as well as too little, power in the Federal Government. This Court has carefully avoided stripping Congress of its ability to regulate *interstate* commerce, but it has casually allowed the Federal Government to strip States of their ability to regulate *intrastate* commerce -- not to mention a host of local activities..."

Unfortunately, the Constitution's Interstate Commerce Clause has not been the only lever that Congress has pulled to further shrink the sphere of the several states. When the ever-elastic powers of the Commerce Clause are not enough to impose Washington's will, Congress often resorts to Don Corleone's famously effective approach in *The Godfather* -- and makes the states an offer they can't refuse.

That offer typically involves Congress sending states vast sums of federal money in exchange for states doing what Congress is not otherwise authorized to do. For example, Congress's once-popular but now widely-criticized Crime Bill of 1996 offered money to states if they would increase prison sentences for those convicted under state law. Here, Congress inserted itself into local criminal justice matters that had been traditionally -- and for good reason -- left entirely to the state and local authorities. The money, however, was too much to resist and many states obediently rewrote their criminal statutes in order to take Uncle Sam's cash. Like the Commerce Clause, the Supreme Court has found precious little beyond Congress's so-called Spending Power--a coercive power that Chief Justice Roberts once called "a gun to the head."

Collectively, or "in the aggregate," constitutional amendments and the Supreme Court's reinterpretation of constitutional authority have eroded the safeguards of federalism over the years. The structural lines that protected each political sovereign from the "incursions of the other" have been undeniably blurred. But there is hope.

The Future of Federalism

Few would argue that federalism today remains the robust stalwart against federal encroachment that James Madison and Alexander Hamilton had envisioned. The ebbs and flows of history and jurisprudence have taken their toll. But the constitutional structure that originally "split the atom of sovereignty" still remains, and it affords opportunities for states to assert their prerogatives once again. To do that, state attorneys general must continue to vigorously defend state sovereignty against federal action in court. Regrettably, such resistance will likely need to become the norm and not the exception if Ohio and her sister states are to restore the rightful balance of constitutional power.

And you, serving as the legislature, will also need to join the fight. In the last session, the General Assembly stood up for Ohio by limiting federal efforts to circumvent protections that you extended your constituents through civil asset forfeiture reform. You wisely closed a loophole in the federal Equitable Sharing program that had allowed law enforcement to evade state restrictions on civil forfeiture and take property from those who had never even been charged with a crime.

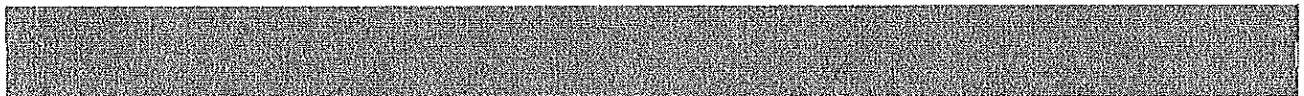
But more than just closing loopholes, you can actively resist the temptation to take federal dollars that Congress offers to entice Ohio to do its bidding. As we all know, those dollars inevitably dry-up and all that's left are growing piles of red-tape and state debt. By resisting the siren song of Congress, Ohio can once again begin to safeguard her own sovereign, political interests. As Chief Justice Roberts quipped a few years ago, "The States are separate and independent sovereigns. Sometimes they have to act like it."

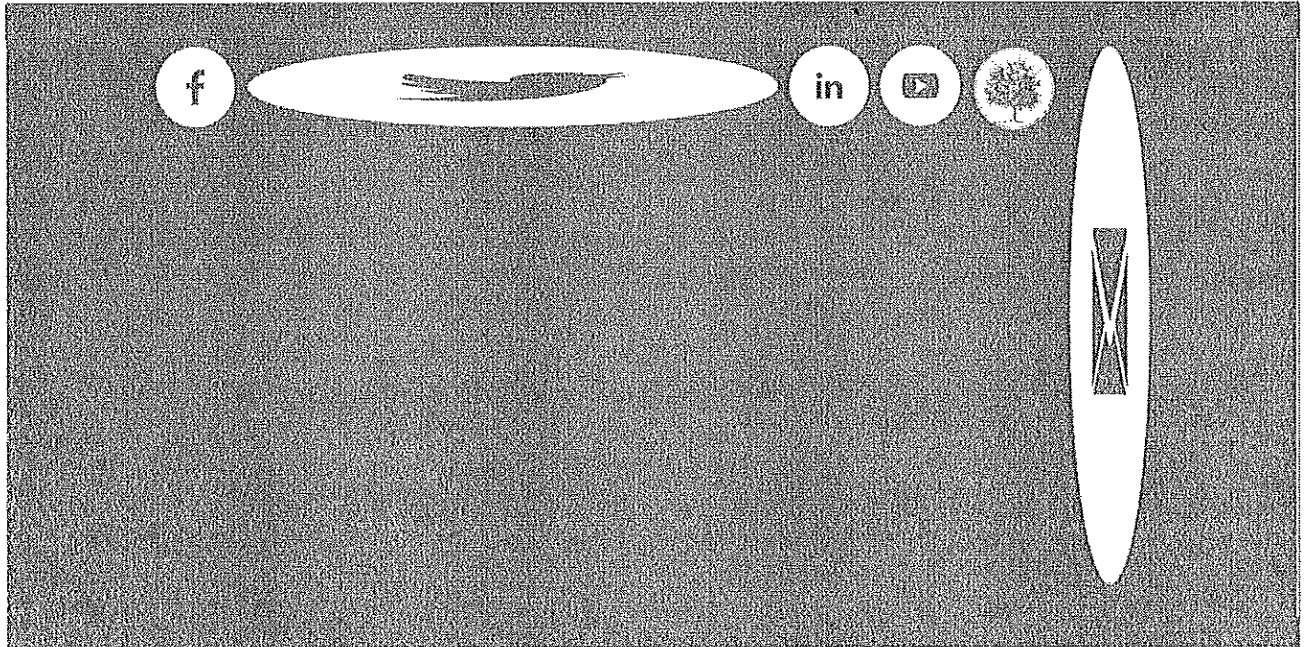
Thank you for the opportunity to address this important subject today. I would be happy to answer any questions you might have.

###

Founded in 1989, The Buckeye Institute is an independent research and educational institution - a think tank - whose mission is to advance free-market public policy in the states.

The Buckeye Institute is a non-partisan, non-profit, and tax-exempt organization, as defined by section 501(c)(3) of the Internal Revenue code. As such, it relies on support from individuals, corporations, and foundations that share a commitment to individual liberty, free enterprise, personal responsibility, and limited government. The Buckeye Institute does not seek or accept government funding.





The Buckeye Institute, 88 East Broad Street,
Suite 1120, Columbus, OH 43215

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Sent by info@buckeyeinstitute.org

From: Thomas, AJ
Sent: Wednesday, May 23, 2018 8:20 AM
To: House_All
Subject: ALERT- HAPPENING NOW: Deconstructing the Administrative State Luncheon

Come on up to the 31st Floor!

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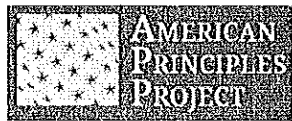
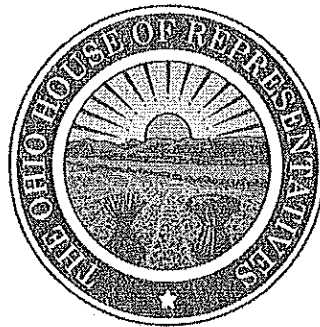
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THE BUCKEYE INSTITUTE



AMERICANS FOR
PROSPERITY

From: Capitol Letter
Sent: Tuesday, June 5, 2018 3:15 AM
To: Derksen, Nick
Subject: 56 medical marijuana dispensary winners announced

Tuesday, June 5, 2018

[View in Browser](#)



Capitol Letter

Laura Hancock and Jeremy Pelzer



Columbus police arrested nine demonstrators with the Poor People's Campaign who had been in the street during Monday afternoon rush hour, including Dan Clark, in the colorful stole, pastor at St. John's Church in Columbus, and Roger Osgood, in the white stole, pastor of Heights Christian Church in Shaker Heights. The campaign, which demonstrated near the Ohio Statehouse, wants

renewable energy, universal health care, services for people with disabilities and a repeal of the 2017 federal tax law, among other issues. (Laura Hancock/cleveland.com)

Rotunda Rumbblings

Pot shops: The state announced 56 winners of provisional medical marijuana dispensaries Monday. Want to know if any shops will be in your town? Cleveland.com? 9s Jackie Borchardt has the list and their addresses.

Voting help, at your service: New Ohio Senate legislation would require the secretary of state to create an office specifically to help military service members vote absentee while on active duty. Under [Senate Bill 305](#), the Office for the Uniformed Services Absent Voter would educate military voters before they deploy about their voting options and would be notified when a voter may miss an election because they're on active duty. Bill sponsor Sen. Frank LaRose, the Republican nominee for secretary of state who served overseas as a U.S. Army Green Beret, stated in a letter to his Senate colleagues that a 2014 poll found two-thirds of military personnel were not confident their vote would be counted or found the absentee-voting process overly complex.

Supreme score: The company that chops up a "slag mountain" near Youngstown to turn it into road-building material is entitled to a reduction in state taxes, [the Ohio Supreme Court ruled last week](#). The court unanimously decided that the Ohio tax commissioner wrongly assessed the tax owed on repair parts and fuel for machinery that Lafarge North America uses to break slag, a byproduct of the steel-making process.

Recounting the details: Republican 12th Congressional District candidate Melanie Leneghan has requested a \$2,880 recount in 48 precincts across four counties, [according to a letter sent to Franklin County elections officials](#). Leneghan, who lost the May 8 primary to state Sen. Troy Balderson by 653 votes, has asked for a recount in 21 precincts in Franklin County, 16 in Muskingum County, six in Licking County and five in Delaware County. The recount is set to start on Wednesday and could take several days, according to elections officials. Leneghan only asked to re-tabulate votes in the primary in which Balderson was nominated for the

November election. The November winner will serve a full two-year term beginning next year. She did not challenge a primary the same day in which Balderson won the GOP nomination for an Aug. 7 special election. The winner of that election will only serve until the end of this year.

Scheduling note: While the Ohio House appears close to ending the deadlock over electing an interim speaker, it's still unclear when the chamber might start addressing its growing backlog of bills. According to House Republican spokesman Brad Miller, the election for speaker will be the only item on Wednesday's House agenda, and it hasn't yet been decided when the House would meet after that to vote on legislation before breaking for the summer.

Have your cake: The U.S. Supreme Court ruled in favor of a Colorado baker who refused to make wedding cakes for same-sex couples on religious grounds, reports cleveland.com's Sabrina Eaton. The case doesn't allow store owners to discriminate against same-sex couples broadly, but instead focused on Colorado officials' comments during the case, which the court found violated the baker's First Amendment rights.

"Trade wars are good, and easy to win": If you pulled Canada in your office trade war pool, congratulations. You're the winner. Canadian Prime Minister Justin Trudeau announced he would impose retaliatory tariffs, and Ohio would be one of the hardest hit in the nation with \$1.75 billion in goods affected. Cleveland.com's Robin Goist breaks down what industries might feel the squeeze.

It's not even vest season: Multiple agents with the Bureau of Criminal Investigation are wearing vests that are completely out of style – so much so that they are expired and potentially dangerous to the officers. Julie Carr Smyth of the Associated Press reports on a union complaint that listed 53 of 99 special agents, investigators and personnel transport workers whose Kevlar vests are past the five-year expiration date.

Mental health: It's been 10 years since the state closed Twin Valley – the inpatient psychiatric hospital in Dayton – and the move has proved to be a drain on resources, according to the Daily Dayton News. Instead of having a place to house patients with mental illnesses, law enforcement is often

dispatched to do so after they commit a crime.

Surprising the competition: The districts in Ohio are gerrymandered to favor Republicans, but the current political climate has at least two congressional Republicans playing defense, Jack Torry of The Columbus Dispatch writes. U.S. Rep. Steve Chabot has a competitive race in the Cincinnati area against Hamilton County Clerk of Courts Aftab Pureval in a district that could flip. But also playing D is U.S. Rep. Bob Gibbs, who is facing an aggressive campaign from veteran Ken Harbaugh.

Tell your family and friends! You probably already know that it's now free to subscribe to Capitol Letter. So spread the word! Chris Quinn, Advance Ohio/cleveland.com editor and president, explains why we decided to make our newsletter available to everyone. You can sign up [here](#).

Full Disclosure

Five things we learned from state Rep. John Bocchieri's April 9 financial disclosure statement. Bocchieri, a Mahoning County Democrat and former congressman, is running this November for Senate District 33.

1. In addition to working as a state lawmaker, he also works as a pilot with United Airlines and as a pilot and squadron commander with the U.S. Air Force Reserve.
2. On top of his annual legislative salary of \$60,584, Bocchieri's two other jobs as a pilot each earned him \$50,000 to \$99,999 in 2017.
3. He listed investments of at least \$1,000 each in more than a dozen mutual funds, as well as in 19 different stocks and exchange-traded funds ? 3 including Google and Berkshire Hathaway.
4. During 2017, the Ohio House of Representatives reimbursed him \$4,330 in official travel expenses.
5. Bocchieri also holds licenses to sell property, casualty, life and health insurance, as well as products such as mutual funds and variable annuities.

On the Move

Brittany Warner has been hired as director of communications for Republican Mike DeWine's gubernatorial campaign. She's moving over from managing Sen. Frank LaRose's Republican campaign for secretary of state. A former Ohio Republican Party spokeswoman, Warner got the job after Ryan Stubenrauch, who handled communications for DeWine's campaign during the primary, left for a private media consulting firm.

Grant Shaffer is LaRose's new campaign manager. Shaffer worked for Lt. Gov. Mary Taylor's gubernatorial campaign and New Day for America, the super PAC that supported Gov. John Kasich's presidential bid.

Joshua Eck has officially been named the DeWine campaign's press secretary and spokesman; the former secretary of state spokesman has already been handling similar duties for the campaign.

Michael Hall will serve as the DeWine campaign's policy director. Hall most recently worked as a partner in the public affairs and government law group at Ice Miller, a Columbus law firm.

Birthdays

Erin Sutter, Buckeye Institute's manager of strategic partnerships

Straight From The Source

"This is a big win for the First Amendment and religious freedom, and a brutal defeat for government activists who are hostile to people of faith."

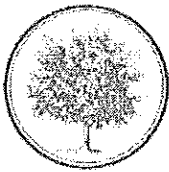
- Ken Blackwell, a Republican and former Ohio secretary of state and treasurer, commenting on Twitter about Monday's U.S. Supreme Court ruling that a Colorado baker can refuse on religious grounds to make a wedding cake for a gay couple.

One of our aims with Capitol Letter is frequent communication with you, the reader. We value your thoughts and suggestions about the newsletter. What do you think of it? What features do you like? What could we do better? Is there a topic you'd like to see us address? And what time would you like to receive the newsletter? We've been sending it at about 6:15 a.m. Would you like it to arrive earlier? We value your feedback and are committed to making Capitol Letter your essential first read of the morning. Email us at Capitolletter@cleveland.com.

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From: The Buckeye Institute
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To: Derksen, Nick
Subject: The Buckeye Institute Urges Ohio Policymakers to Pursue Systemic Tax Reform



THE BUCKEYE INSTITUTE

Contact: Lisa Gates, Vice President of Comms

FOR IMMEDIATE RELEASE

June 5, 2018

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The Buckeye Institute Urges Ohio Policymakers to Pursue Systemic Tax Reform

Greg Lawson Testifies Before the Ohio House Ways and Means Committee

Columbus, OH -- The Buckeye Institute's Greg R. Lawson testified today (see full text below or [download a PDF](#)) before the Ohio House Ways and Means Committee on House Bill 333.

In opening his testimony, Lawson noted that "nullifying tax penalties and making the tax code fairer for taxpayers is...laudable" and, quoting from a [study](#) by the American Enterprise Institute and the Brookings Institute, further highlighted the "significant correlation between marriage, poverty, and economic growth."

Lawson also noted that the "new marriage neutrality is only necessary because Ohio's tax code remains tragically progressive," and went on to say the policy "addresses but one symptom of a bed-ridden patient without offering any lasting cure."

The cure, Lawson said, is systemic change to Ohio's tax code that would include reforming the municipal income tax structure and would create a tax system that is pro-growth,

simple, transparent, fair, and equitable, as outlined in Buckeye's *Tax Reform Principles for Ohio*.

Lawson applauded the efforts of policymakers to eliminate Ohio's marriage penalty, but urged them to pursue "fundamental changes" that will spur economic growth and help families "climb the ladder of prosperity."

###

**Interested Party Testimony Before the Ohio House
Ways and Means Committee on House Bill 333**

**Greg R. Lawson, Research Fellow
The Buckeye Institute
June 5, 2018**

Chairman Schaffer, Ranking Member Rogers, and members of the Committee, thank you for the opportunity to testify today regarding House Bill 333.

My name is Greg R. Lawson. I am the research fellow at **The Buckeye Institute**, an independent research and educational institution -- a think tank -- whose mission is to advance free-market public policy in the states.

House Bill 333 will annul the "marriage penalty" currently wedded to Ohio's personal state income tax. Nullifying tax penalties and making the tax code fairer for taxpayers is, of course, laudable. Eliminating this particular penalty -- and thereby encouraging, rather than discouraging marriage -- is especially worthwhile considering the significant correlation between marriage, poverty, and economic growth.

Last year, for instance, the American Enterprise Institute (AEI) and Brookings Institute found that "Less than half of poor Americans age 18 to 55 (just 26 percent) and 39 percent of working-class Americans are currently married, compared to more than half (56 percent) of middle- and upper-class Americans,"[1] indicating a strong connection between the matrimonial bond and economic status.

Using "models that control for a range of factors...that might otherwise confound the family-economy link at the state level," an earlier AEI study concluded in 2015:

"Higher levels of marriage, and especially higher levels of married-parent families, are strongly associated with more economic growth, more economic mobility, less child

poverty, and higher median family income at the state level in the United States. When we compare states in the top quintile of married-parent families with those in the bottom quintile, we find that being in the top quintile is associated with a \$1,451 higher per capita GDP, 10.5 percent greater upward income mobility for children from lower-income families, a 13.2 percent decline in the child poverty rate, and a \$3,654 higher median family income."[2]

Thus, on purely socio-economic policy grounds, policymakers should reduce if not eliminate disincentives to marry. The tax code's disincentives or the so-called "marriage penalties" arise when two people with similar incomes get married and jointly file their tax returns.[3] When the newly-weds combine their incomes and file jointly, they enter a higher bracket than if they chose to remain single and file separately.[4] This higher tax liability penalizes marriage -- effectively using the tax code to pick winners (those who do not marry) and losers (married couples filing jointly). When governments pick winners and losers, people tend to suffer.

HB 333 offers relief to a large number of Ohio families currently losing an unfair tax game because it allows married joint-filers to claim a new tax credit such that they would pay no more than if they could legally file separately. Such tax relief is good.

But HB 333's new marriage neutrality, of course, is only necessary because Ohio's tax code remains tragically progressive. Describing the similarly progressive federal tax code's "marriage penalties," Congress' Joint Committee on Taxation once explained:

"The current tax system is progressive: as a taxpayer's income rises, the tax burden increases as a percentage of income. It also taxes married couples with equal income equally: it specifies the married couple as the tax unit so that married couples with the same income pay the same tax. However, it is not marriage neutral."[5]

Although HB 333 takes a positive step forward in the fight against unfair taxation, it is important to recognize its limitations. It addresses but one symptom of a bed-ridden patient without offering any lasting cure. Even after HB 333 nullifies the state's marriage penalty, Ohio will still suffer from its growth-killing disease: progressive taxation. Indeed, after accounting for the state's municipal income tax structure -- the worst local tax system in America -- Ohio ranks in the upper half of the nation in combined state and local tax burden.[6] And removing the state's marriage penalty, unfortunately, will not do enough to change that.

More systemic changes are needed. As The Buckeye Institute explained in our *Tax Reform Principles for Ohio*,[7] the state's tax code should be pro-growth, simple, transparent, fair,

and equitable.[8] Flatter taxes on broader bases, without special exemptions, will lower the tax burden and spread their cost more evenly and fairly among taxpayers. Streamlining and simplifying the local tax structure will help, too. So although we applaud the efforts to end the state's marriage penalty, more fundamental work remains to be done. Settling only for superficial remedies without pursuing more fundamental changes, without working to structurally reform the state's progressive taxation, Ohio will continue to be plagued by mediocre economic growth that has kept families from climbing the ladder of prosperity for decades.[9]

Thank you for your time and consideration. I welcome any questions the Committee might have.

[1] W. Bradford Wilcox and Wendy Wang, *The Marriage Divide: How and Why Working-Class Families are More Fragile Today*, The American Enterprise Institute and Brookings Institute, September 2017.

[2] W. Bradford Wilcox, Robert I. Lerman, and Joseph Price, *Strong Families, Prosperous States: Do Healthy Families Affect the Wealth of States?*, American Enterprise Institute, October 19, 2015.

[3] Kyle Pomerleau, *Understanding the Marriage Penalty and Marriage Bonus*, Tax Foundation, April 23, 2015.

[4] *Ibid.*

[5] Staff for the Joint Committee on Taxation, *Fairness and Tax Policy*, Joint Committee on Taxation, March 3, 2015.

[6] Katherine Loughhead, *State and Local Individual Income Tax Collections Per Capita*, Tax Foundation, May 31, 2018.

[7] Rea Hederman Jr., Tom Lampman, Greg R. Lawson, and Joe Nichols, *Tax Reform Principles for Ohio*, The Buckeye Institute, February 2, 2015.

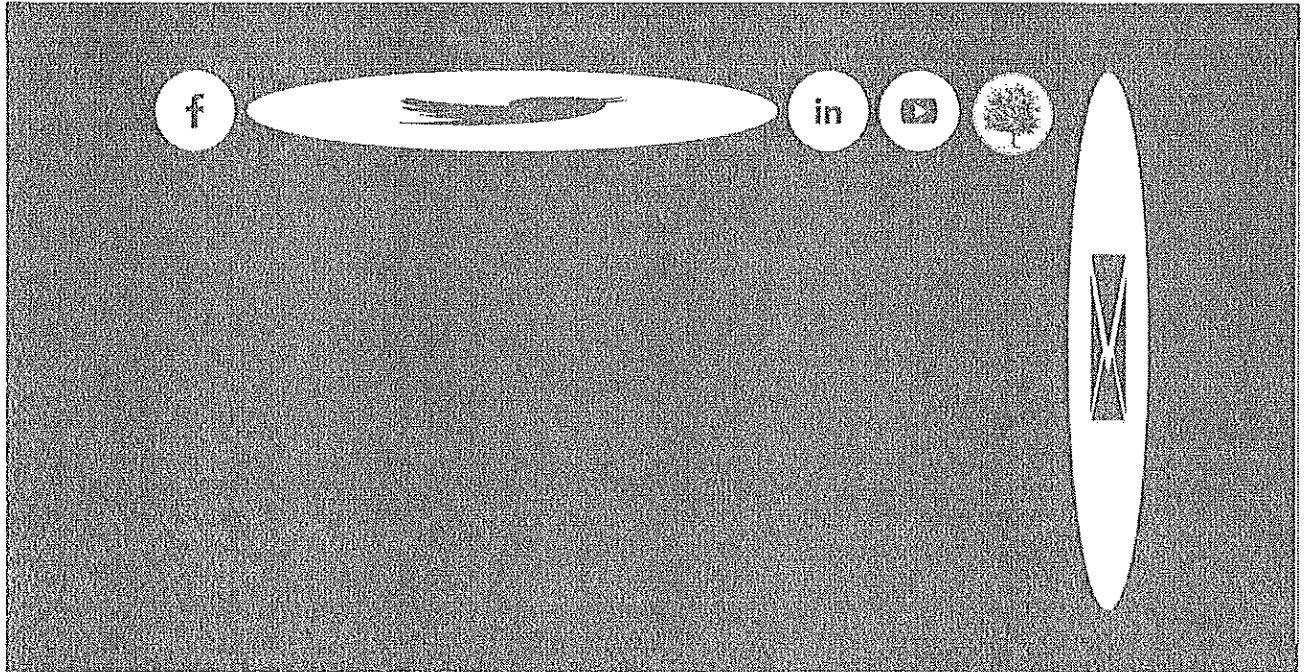
[8] *Ibid.*

[9] Rich Exner, *Ranking Ohio Governors for Jobs: John Kasich's Current Term is a Lot Like Ted Strickland's Record vs. the U.S.*, Cleveland.com, May 22, 2018.

###

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Contact: Lisa Gates, Vice President of Comms

FOR IMMEDIATE RELEASE

June 11, 2018

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U.S. Supreme Court Cites The Buckeye Institute's Brief in Upholding Ohio's Election Integrity Law

Columbus, OH -- Today, the Supreme Court of the United States upheld Ohio's authority to ensure that the votes of its citizens are not diluted by voter fraud in the court's **decision in *Husted v. A. Philip Randolph Institute***. The Buckeye Institute filed an **amicus brief** in the case on August 7, 2017, which was cited in the Supreme Court decision.

"We have a government of the people and by the people, and today the Supreme Court validated Ohio's process to assure that the peoples' voices are not drowned out by ineligible votes," said **Robert Alt**, president and chief executive officer at The Buckeye Institute. "Today, Ohioans and all Americans won. And in citing The Buckeye Institute's brief, the Supreme Court recognized the interest of states like Ohio to be vigilant and to employ screening procedures to ensure accurate voting rolls."

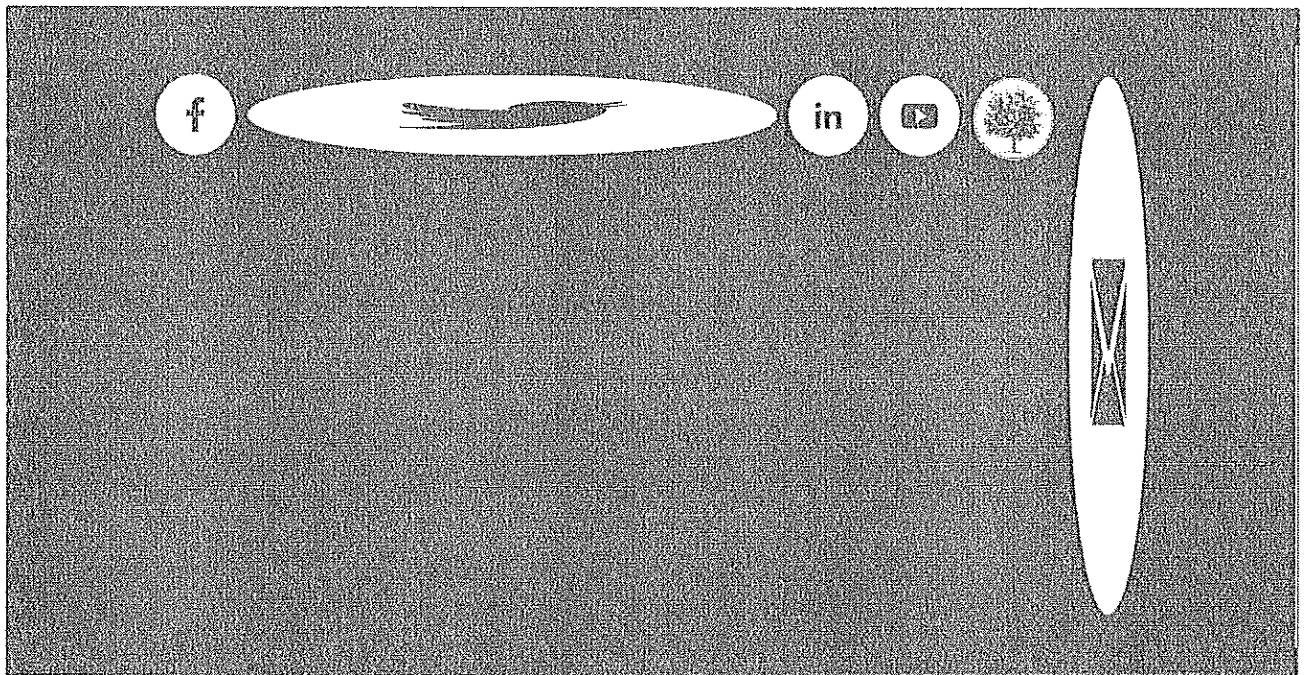
Ohio's case centered around the question of whether the state has the authority to maintain an accurate and up-to-date statewide database of registered voters. In its brief, Buckeye

argued that the U.S. Constitution is clear in giving states authority over voter qualifications, and Ohio has a clear interest in making sure that only residents are able to vote in its elections. To do so, the state's voter rolls must be as accurate as possible. The Supreme Court noted that Ohio's process for voter removal follows federal law "to the letter."

###

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Sent: Tuesday, June 19, 2018 7:28 AM
To: Derksen, Nick
Subject: The Buckeye Institute: Ohio Needs to Undertake Comprehensive Tax Reform, Not Pass New Taxes

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THE BUCKEYE INSTITUTE

Contact: Lisa Gates, Vice President of Comms

FOR IMMEDIATE RELEASE

June 19, 2018

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The Buckeye Institute: Ohio Needs to Undertake Comprehensive Tax Reform, Not Pass New Taxes

Greg Lawson Submits Testimony to the Ohio House Ways and Means Committee

Columbus, OH -- The Buckeye Institute's Greg R. Lawson submitted written testimony (see full text below or **download a PDF**) to the Ohio House Ways and Means Committee on House Bill 571.

In his testimony, Lawson outlined the benefits of online travel companies (OTC) in providing "an online service that customers and hotel operators may use as they see fit to meet their own shopping and business needs." However, as Lawson noted, "House Bill 571 threatens to interfere with this free-market process by extending the reach of local lodging taxes to include the OTCs' service fees," which, Lawson noted, **courts in 39 cases in 23 states** ruled could not be taxed as hotel occupancy taxes.

Rather, Lawson encouraged Ohio undertake comprehensive tax reform writing, "As tempting as House Bill 571 may be for some revenue collectors, Ohio must be careful not

to allow or encourage local governments to impose harmful new -- and in this case, illegal -- taxes apart from a more balanced and comprehensive tax reform effort."

###

**Interested Party Testimony on House Bill 571
Submitted to the Ohio House Ways and Means Committee**

**Greg R. Lawson, Research Fellow
The Buckeye Institute
June 19, 2018**

Chairman Schaffer, Vice Chair Scherer, Ranking Member Rogers, and members of the Committee, thank you for the opportunity to offer written comments today regarding House Bill 571.

My name is Greg R. Lawson. I am the research fellow at **The Buckeye Institute**, an independent research and educational institution -- a think tank -- whose mission is to advance free-market public policy in the states.

Online travel companies -- or OTCs -- such as **Hotel.com** and **Expedia** facilitate transactions for consumers looking to book hotel rooms online. These companies make it easier to find and secure lodging options by making those options available at a one-stop website location where consumers can search for the best deal and book a room, rather than scouring the internet for individual hotel rates and availability on individual hotel websites.

OTCs provide an online service that customers and hotel operators may use as they see fit to meet their own shopping and business needs. Nothing compels hotels to use OTCs, they choose to do so voluntarily because they believe that it will increase their exposure, reach more customers, and lead to more bookings. In short, they believe that it helps their business prosper and many smaller, non-chain hotels use OTCs precisely for this reason, because OTCs provide a critical service that boosts their room sales.

Unfortunately, House Bill 571 threatens to interfere with this free-market process by extending the reach of local lodging taxes to include the OTCs' service fees.

Typically, customers who book rooms through an OTC will pay the same amount for their room as customers who book directly through a hotel website. The actual room rates that hotels receive for bookings made through an OTC, however, are generally lower than what

the hotel would receive on rooms booked directly. The OTC keeps the difference -- effectively charging the hotel a service fee for facilitating the booking.

Local governments assess sales and lodging taxes based upon the actual room rates that hotels receive, not the prices paid by customers. Consequently, local governments collect less total tax on rooms booked through an OTC than they would on the same rooms booked directly through the hotel. House Bill 571 would expand the local sales and lodging taxes to include an OTC's service fee.

It is not hard to understand that House Bill 571 could be attractive to local governments eager to collect more taxes, but the bill has at least one fatal flaw.

As proposed, House Bill 571 would assess a lodging tax on a service fee. Such taxes have already been held illegal in multiple cases across multiple jurisdictions. As the Legislative Service Commission has explained, the United States Court of Appeals for the Sixth Circuit -- with federal jurisdiction over Ohio -- has twice ruled that localities cannot impose lodging taxes on OTCs.[1] Other courts have made similar rulings recently in Texas and Illinois,[2] and as of early 2016, courts in 39 cases in 23 states had concluded that OTC services could not be taxed as hotel occupancy taxes.[3]

Furthermore, House Bill 571 would also apply a sales tax to OTC service fees. The Buckeye Institute remains open to discussing sales taxes on services as part of a comprehensive tax reform that would include eliminating the state personal income tax,[4] as well as other appropriate offsets that will make Ohio's tax system fairer, simpler, and more transparent.[5] Merely taxing OTC service fees without other comprehensive tax reforms would be nothing more than a selective tax increase imposed on only one service industry, and it would threaten to hurt profits, sales, and jobs.

Ohio's taxes are already too high, with an average combined state and local tax rate standing at more than seven percent.[6] Some Ohioans pay even higher combined rates in some communities where tax rates approach 10 percent[7] -- a level one might expect in high-tax states like New York.[8] High tax rates have real world consequences for workers, businesses, and states. As the Tax Foundation has demonstrated, people and jobs do in fact migrate from high-tax states to low-tax states -- and that migration will inevitably cost Ohio workers, businesses, and future economic opportunities.[9] Simply adding new taxes on services will not lighten Ohio's already burdensome tax load.

As tempting as House Bill 571 may be for some revenue collectors, Ohio must be careful not to allow or encourage local governments to impose harmful new -- and in this case, illegal -- taxes apart from a more balanced and comprehensive tax reform effort.

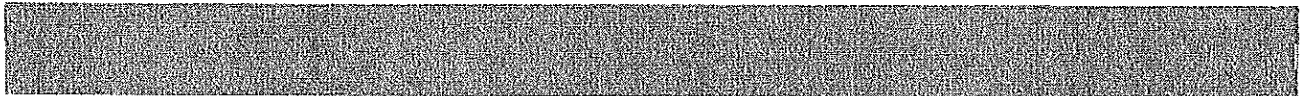
Thank you for the opportunity to submit this testimony.

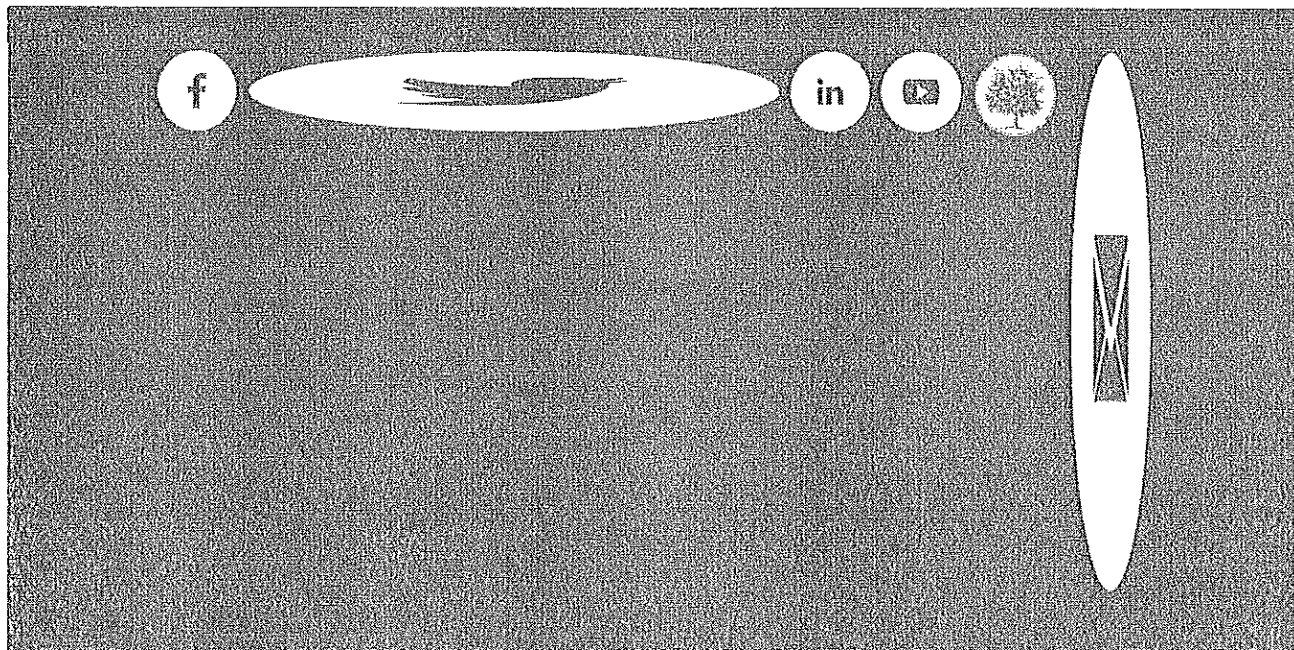
- [1] Mackenzie Damon, House Bill 571 Bill Analysis, Legislative Service Commission, 2018.
- [2] Paul Stinson, Online Travel Companies Prevail in \$84 Million Texas Tax Dispute, Bloomberg Bureau of National Affairs, November 30, 2017.
- [3] Joseph Bishop-Henchman, Litigation Ongoing Against Online Travel Companies for Hotel Occupancy Taxes, The Tax Foundation, February 17, 2016.
- [4] Greg R. Lawson, research fellow, The Buckeye Institute, Testimony Before the Ohio House Ways and Means Committee, March 15, 2015.
- [5] Rea Hederman Jr., Tom Lampman, Greg R. Lawson, and Joe Nichols, *Tax Reform Principles for Ohio*, The Buckeye Institute, February 2, 2015.
- [6] Jared Walczak and Scott Drenkard, State and Local Tax Rates 2018, The Tax Foundation, February 13, 2018.
- [7] Morgan Scarboro, Scott Drenkard, and Rea S. Hederman Jr., *Ohio Illustrated: A Visual Guide to Taxes and the Economy*, The Tax Foundation and The Buckeye Institute, June 2017.
- [8] *Ibid.*
- [9] State to State Migration Data, The Tax Foundation (Last visited June 14, 2018).

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